

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4824
ANSWERED ON:18.12.2009
MACHINERY TO DETECT BLACK MONEY
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Will the Minister of FINANCE be pleased to state:

- (a) the machinery in the country to detect black money;
- (b) whether the Government has conducted any review of the functioning of this machinery;
- (c) if so, the outcome thereof;
- (d) the action taken by, the Government so far on the basis of these outcome; and
- (e) the results achieved thereby?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a): The Income-tax Department takes several punitive and deterrent steps to detect black money. These include scrutiny of returns, surveys, search and seizure action, imposition of penalty and launching of prosecution in appropriate cases. Among other efforts to detect black money, Tax Information Network (TIN) has been set up as depository of important tax related information which can be accessed by the Department. The basic components of TIN are information relating to Tax Deduction at Source (TDS), information relating to payment of taxes and information relating to high value transactions coming from the Annual Information Returns (AIR). The information collected from various sources is also collated electronically to create a 360 degrees profile of the high net-worth assesseees so as to detect black money. Under the provisions of section 206A of the Income Tax Act certain entities responsible for paying to resident any income by way of interest (other than interest on securities) without deduction of tax at source are required to furnish quarterly returns. Information as regards suspicious transactions and large cash transactions, as disseminated by the Financial Intelligence Unit, India (FIU-IND), is also investigated by the Income Tax Department. Appropriate action under the provisions of Direct Tax Laws is taken in cases where black money is detected.

(b) to (e): The Government does periodical review of the functioning of various units and takes appropriate measures for bringing changes in law, procedure and organisational structure, depending on the changing economic scenario. Besides this, recently the Cadre Review Committee for the Income-tax Department set up by the Central Board of Direct Taxes (CBDT) has submitted its recommendations on cadre review and restructuring of the Department. The Committee has proposed strengthening and augmentation of the tax administration machinery, including scrutiny and investigation functions, so as to ensure greater effectiveness of the tax administration and detection of tax evasion.