

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:84

ANSWERED ON:30.07.2010

SECRET BANK ACCOUNTS

Jena Shri Mohan;Mahto Shri Baidyanath Prasad

Will the Minister of FINANCE be pleased to state:

- (a) whether certain Indian citizens are reported to be clandestinely holding accounts in the Swiss banks;
- (b) if so, whether the Government has requested the Swiss Government to share such information;
- (c) if so, the facts in this regard;
- (d) whether the Government has made any assessment of the black-money stacked in foreign countries;
- (e) if so, the details thereof; and
- (f) the action taken by the Government to obtain details of such deposits in the manner, the United States of America had reportedly obtained information from the Government of Switzerland?

Answer

FINANCE MINISTER(SHRI PRANAB MUKHERJEE)

(a) to (f) : A statement is laid on the table of the House.

Statement referred in reply to parts (a) to (f) of the Lok Sabha Starred Question No. 84 for answer on 30th July, 2010 regarding Secret Bank Accounts

Part (a) to (c):

Efforts have been made from time to time to seek details of the bank accounts held by Indians in Swiss Confederation under the existing Double Taxation Avoidance Agreement (DTAA) between India and Switzerland. However, the Swiss Federal Tax Administration has expressed its inability to exchange the information regarding bank deposits of Indian citizens as the information was not necessary for the application of the DTAA between India and Swiss Confederation but was required only for the enforcement of Indian internal laws. They also replied that such information was not at their disposal under Swiss laws in the normal course of tax administration.

2. Since in terms of existing DTAA between India and Swiss Confederation, it has not been possible to obtain information regarding bank deposits in Switzerland, Switzerland was approached in April, 2009 for re-negotiation of the Article concerning Exchange of Information in our existing DTAA so that we can have access to banking information. Switzerland agreed for re-negotiation of this Article as well as other Articles of the existing DTAA and the renegotiation of DTAA between India and Swiss Confederation has been concluded. The matter is being actively pursued for early entry into force of the amended DTAA. After entry into force of the amended DTAA, India will be able to obtain banking information in specific cases from Switzerland.

3. Further the Directorate of Enforcement has taken appropriate action by issue of Show Cause Notices in certain cases of maintenance of bank accounts in Switzerland by Indian citizens, in contravention of the relevant provisions of FEMA 1999. Appropriate steps have been taken in accordance with the law for eliciting the requisite information from the Swiss Authorities.

Part (d) & (e):

4. There is no verifiable estimate of the quantum of black-money stacked in foreign countries.

Part (f):

5. As per United States of America, Department of Justice press release dated 21st August 2009, UBS, one of the Swiss Confederation's largest banks, entered into a deferred prosecution agreement in February 2009, and the bank admitted to helping U.S. taxpayers hide accounts from the Internal Revenue Service (IRS). As part of their agreement, UBS provided the United States government with the identities of, and account information for, certain United States customers of UBS's cross-border business. Further as per the same press release, UBS agreed to produce the identities and account information of 4,450 additional UBS customers who are believed to have violated United States law.

6. No such admission by any Switzerland bank in helping Indian taxpayers to hide accounts from Indian tax Department has come to the light.