

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:876

ANSWERED ON:25.02.2011

CURBING MONEY LAUNDERING

Azad Shri Kirti (Jha);Biju Shri P. K.;Bundela Shri Jeetendra Singh;Chowdhury Shri Adhir Ranjan;Meghwal Shri Arjun Ram ;Panda Shri Prabodh;Rathod Shri Ramesh;Saroj Smt. Sushila;Sharma Shri Jagdish;Singh Shri Dhananjay ;Singh Shri Radha Mohan;Siricilla Shri Rajaiah;Vardhan Shri Harsh;Verma Smt. Usha;Virendra Kumar Shri ;Yadav Shri Dinesh Chandra

Will the Minister of FINANCE be pleased to state:

- (a) the details of Income Tax overseas Unit created during the last six months;
- (b) the present status of the tax agreements arrived at alongwith dates between India and other countries including Switzerland;
- (c) whether such agreements are effective in curbing money laundering and black money;
- (d) if so, the details thereof for the last three years and current year till date;
- (e) whether the Government is formulating any action plan in this regard; and
- (f) if so, the details thereof?

Answer

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

(a) The two Income Tax Overseas Units (ITOU) within the Indian Mission are already operational in Singapore and Mauritius. In addition 8 more such units in USA, UK, Netherlands, Japan, Cyprus, Germany, France and UAE have been created.

(b) Tabulation indicating list of Double Taxation Avoidance Agreements (DTAAs) entered into by India and the date on which such DTAAs have entered into force is given in the Annexure. In addition, one Tax Information Exchange Agreement (TIEA) with Bermuda has entered into force on 3rd November, 2010.

(c) & (d): As per the article concerning Exchange of Information in the DTAAs, the information exchanged could be used for tax purposes only. However, in the current negotiations/re negotiations of DTAAs and TIEAs, India is making an effort to ensure that the provisions of this article allow sharing of information with other law enforcement agencies. In the last three years the Government has obtained a number of information under the DTAAs which has resulted in detection of tax evasion in a number of cases. The information so obtained are governed by the confidentiality provision of the respective DTAA and cannot be made public.

(e) & (f): India has taken steps to negotiate TIEAs with non DTAA countries/ jurisdictions and also to amend the article concerning Exchange of Information of the existing DTAAs to specifically allow for exchange of banking information and information without domestic interest. So far, India has completed negotiations of 11 new TIEAs. Negotiations have been completed with 10 existing DTAA countries to update the article concerning Exchange of Information. 13 new DTAAs have also been finalized where Exchange of Information article contain specific provision for exchange of banking information and information without domestic interest.