

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1482

ANSWERED ON:04.03.2011

AMNESTY SCHEME FOR BLACK MONEY

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any estimation of the amounts of black money reported to be in circulation in the country and stashed in foreign banks;
- (b) if so, the details thereof;
- (c) whether the Government proposes to bring forward any amnesty scheme to bring back black money and to set up any committee in this regard;
- (d) if so, the details thereof and the time by which the said scheme is likely to be introduced;
- (e) the other measures taken by the Government to bring back black money along with creation of legal framework to curb black money generation;
- (f) whether similar scheme introduced in the past have proved to be successful in bringing back the black money; and
- (g) if so, the details thereof along with the details of such schemes introduced earlier?

Answer

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

(a) No, Sir. The Government has not made any estimation of unaccounted money inside and outside the country, in the recent times. However, the Government has decided to get a fresh study conducted on unaccounted income /wealth both inside and outside the country bringing out the nature of activities engendering money laundering and its ramifications on national security. The proposal was approved by the Government in January, 2011. The study is likely to be completed within a time frame of eighteen months.

(b) Does not arise in view of reply to part (a) above.

(c) At present, there is no proposal before the Government to bring an amnesty scheme for disclosure of undisclosed income.

(d) Does not arise in view of reply to (c) above.

(e) The Income Tax Department takes several deterrent and punitive steps to unearth unaccounted money and curb tax evasion. These include scrutiny of returns, surveys, search and seizure action, imposition of penalty and launching of prosecution in appropriate cases. Information Technology has also been used in a big way in collection, collation and dissemination of taxpayer information. Tax Information Network

(TIN) has been set up as a 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), payment of taxes and high value transactions reported in Annual Information Returns (AIR). The Department has set up an Integrated Taxpayer Data Management System (ITDMS) to electronically collate information collected from various sources i.e. Tax Deduction at Source, Electronic Filing of Return, Annual Information Returns, Central Information Branches (CIB) etc, to create 360 degree profile of High net-worth assesses. Information received from Financial Intelligence Unit under the Department of Revenue regarding suspicious transactions from various banks, insurance companies etc, are also investigated by the income Tax Department. Further, the Department has implemented Computer Assisted Selection of Scrutiny

(CASS) wherein returns are selected for scrutiny on the basis of comparison of the information gathered from various sources with the information available and declarations made by the assesses in the return of income.

As regards unearthing of unaccounted money and wealth outside the country, Investigation Directorates pursue information regarding any deposit outside the country on top priority. The Department is having two specialized wings under the administrative control of the Director General of income Tax (International Taxation). The International Tax Division investigates and assesses the cases of foreign

companies, Non-Residents and other such entities. The Transfer Pricing Division examines the international transactions between associated enterprises to determine the arm's length price in accordance with the provisions of Chapter X of the Income Tax Act, 1961. Appropriate action under the provisions of Income Tax Laws is taken in cases where tax evasion is detected.

India has initiated the process of putting in place a legislative Agreements (DTAAs) to widen the scope of Article concerning Exchange of Information. The amendment to tax treaty with Switzerland has also been signed. It will enter into force when Switzerland completes its internal process. Upon entry into force, it will allow India to obtain banking information from Switzerland in specific cases for a period starting from 1st April .2011 or thereafter. India has also completed negotiations of Eleven new Tax Information Exchange Agreements. Government has also proposed certain new provisions in the proposed Direct Taxes Code Bill for unearthing black money.

(f)to(g) Nine voluntary disclosure schemes have been floated by the Government between the period from 1951 to 1997. Significant disclosures were made in these voluntary disclosure schemes.