

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:965
ANSWERED ON:05.08.2011
CONVERSION OF BLACK MONEY
Kashyap Shri Virender

Will the Minister of FINANCE be pleased to state:

- (a) whether black money stashed abroad has been converted to white and brought back into the country during the last two decades by exploiting the provisions of no tax on dividend and capital gain in India;
- (b) if so, whether the Government proposes to trace black money stashed abroad by Indians including black money invested in real estate and other lucrative businesses there;
- (c) if so, the details thereof and effective measures taken by the Government in this direction; and
- (d) if not, the reasons therefor?

Answer

Minister of State in the Ministry of Finance(Shri S.S.PALANIMANICKAM)

(a) & (b): No data is maintained in the Ministry regarding black money stashed abroad converted to white and brought back into the country by exploiting the provisions of no tax on dividend and capital gain in India. However, appropriate action as per the provisions of the Direct Tax laws is taken whenever credible information with regard to tax evasion, including in real estate and other businesses, is received by the Income Tax Department.

(c) & (d): The Income Tax Department takes several punitive and deterrent steps to unearth unaccounted money and curb tax evasion. These include scrutiny of tax returns; surveys, search and seizure actions; 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 degrees profile of high net-worth assesses. Information received from Financial Intelligence Unit under the Department of Revenue regarding suspicious transactions from various banks and financial institutions 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, all information regarding receipts from or deposits outside the country are verified and action taken to bring undisclosed taxable amounts to taxation. Besides, 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, expatriates, non-residents and other such entities. The Transfer Pricing Division examines the international transactions between associated enterprises having regard to arm's length price in accordance with the provisions of Chapter X of the Income Tax Act, 1961. Appropriate action under the provisions of Direct Tax Laws is taken in cases where tax evasion is detected.