

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:881

ANSWERED ON:01.03.2013

INFORMATION REGARDING BLACK MONEY .

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has identified tax haven countries with regard to Black Money and if so, the details thereof;
- (b) the details of reports/assessments of the Black Money in the country made by various international and national agencies during the last three years and the current year;
- (c) the details of efforts made to bring back black money stashed in various banks abroad along with extent of success achieved thereon during the same period;
- (d) whether the Government has signed any Memorandum of Understanding (MoU) / entered into agreement with any country in this regard during the last three years and the current year; and
- (e) if so, the details thereof?

Answer

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

- (a): No, Sir. The Government has not identified any country as tax haven with regard to Black Money.
- (b): The Government has commissioned a study, inter alia, on estimation of unaccounted income and wealth both inside and outside the country. The study is being conducted by three institutes – National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM) separately. The study reports are still in the process of finalisation by the respective institutes.
- (c): The Government has taken various steps in this direction under a multi-pronged strategy which includes creating an appropriate legislative framework; setting up institutions to deal with illicit funds; developing systems for implementation; imparting skills to the manpower for effective action; and joining the Global crusade against black money. Various legislative measures have also been taken by the Finance Act, 2012 in this regard which include reporting of assets (including bank accounts) held outside the country; reopening of assessments upto 16 years for taxing undisclosed assets (including bank accounts) kept outside the country; strengthening of penal provisions in respect of search cases; expansion of the ambit of tax collection at source (TCS) to cover certain more vulnerable items / sectors. India has been renegotiating its Double Taxation Avoidance Agreements (DTAAs) with other countries to bring the Article on Exchange of Information to International standards, and has also been expanding its treaty network by signing new DTAAs with many other countries and by entering into Tax Information Exchange Agreements (TIEAs) with many tax jurisdictions in its effort to facilitate the exchange of information and to bring in tax transparency. It has also become a member of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters in 2012. These steps have equipped the Government better in tackling the menace of black money.
- (d) & (e): Yes Sir. India had entered into Double Taxation Avoidance Agreements (DTAAs) with 78 countries till 2009. Thereafter, new DTAAs have been signed with 9 more countries, viz., Colombia, Estonia, Ethiopia, Georgia, Mexico, Mozambique, Lithuania, Taiwan and Uruguay. Out of these, the DTAAs with 3 countries viz., Colombia, Ethiopia and Uruguay will enter into force after completion of internal procedures in these countries.

Since 2009, the Government has also approached 46 priority countries / jurisdictions for negotiation of Tax Information Exchange Agreements (TIEAs). At present, TIEAs with 9 jurisdictions viz. Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Isle of Man, Jersey, Guernsey, Liberia and Macau have entered into force. In addition, Four more TIEAs have been signed with Argentina, Bahrain, Gibraltar and Monaco which will enter into force after completion of internal procedures of these countries.

All these revised and new DTAAs, and TIEAs contain provisions for Exchange of Information under which Tax Authorities can seek Ownership and Banking information, information held in fiduciary capacity as well as information which has no domestic interest for supplying country.