

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:400

ANSWERED ON:06.12.2013

BLACK MONEY STASHED ABROAD

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received information from some countries regarding the details of account holders of Indian origin and firms whose names have figured in the global black money expose;
- (b) if so, the details thereof, country-wise;
- (c) the details of the efforts made to bring back black money stashed in various banks abroad along with the extent of success achieved thereon, till date;
- (d) whether the Government has signed any Memorandum of Understanding (MoU) 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 J D SEELAM)

(a) The Government receives information from other countries/jurisdictions under respective Double Taxation Avoidance Agreement (DTAA) / Tax Information Exchange Agreement (TIEA).

(b) The information received is covered by the confidentiality clause of the DTAA's / TIEAs under which the information is received. The information can only be used for the tax purposes specified therein. Therefore, the contents of the information received under DTAA's / TIEAs cannot be disclosed to persons other than those involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Agreements.

(c) Government has been vigorously pursuing the cases of black money stashed abroad and in bringing them back. For this purpose, a five pronged strategy has been adopted which is as follows:

i) Joining the global crusade against 'black money' (for example our action in G 20, Global Forum on Transparency and Exchange of Information for Tax Purposes, Task Force on Financial Integrity and Economic Development, Financial Action Task Force, UN, OECD, etc.)

ii) Creating an appropriate legislative framework: (Various anti tax evasion measures legislated in existing Act and proposed in the DTC, New DTAA's and TIEAs, amend existing DTAA's).

iii) Setting up institutions for dealing with Illicit Funds; (10 Income Tax Overseas Units, dedicated computerized Exchange of Information [EOI Unit], FIU);

iv) Developing systems for implementation (new manpower policy); and

v) Imparting skills to the manpower for effective action (constant training for skill development).

These measures have started yielding results. With regard to information from the French Government under the Double Taxation Avoidance Convention (DTAC) regarding accounts in one of the Swiss Banks, it is stated that although the tax has not been assessed or raised yet, some persons have voluntarily paid taxes. Action in accordance with the provisions of Direct tax laws, including levy of penalty and initiation prosecution, is taken in all such cases after the assessments are completed.

With regard to information from the German Government regarding Indian taxpayers having accounts with LGT Bank in Liechtenstein, assessments have been made against total 18 individual cases, being beneficiaries of the said trusts/entities, as per provisions of Income Tax Act, 1961. The assessments in these cases resulted in determining total assessed income at Rs 39.66 Crore. Total demand of Rs 24.26 Crore was raised in these cases. Penalty proceedings for concealment of income have separately been initiated in all these cases. Penalty amounting to Rs 11.94 crore has been imposed at the rate of 200% tax sought to be evaded in 9 of the cases. Out of 18 taxpayers one has passed away and prosecution has been launched against all other 17 taxpayers.

(d) & (e) Government has been expanding its treaty network by signing new DTAA's with many countries and by entering into TIEAs with many tax jurisdictions in its efforts to facilitate the exchange of information. However, Government has not signed any Memorandum of Understanding with any country in this regard.