

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:76

ANSWERED ON:11.07.2014

BLACK MONEY

Owaisi Shri Asaduddin; Satav Shri Rajeev Shankarrao

Will the Minister of FINANCE be pleased to state:

- (a) the estimated amount of the black money stashed inside and outside the country;
- (b) whether the Government has received any information/inputs of Indians suspected to have stashed away unaccounted money in foreign banks abroad and if so, the details thereof;
- (c) whether the Government has constituted a Special Investigation Team (SIT) for the purpose of unearthing black money, if so, the details of the terms of reference and composition of the team along with the time by which its report is likely to be submitted; and
- (d) the steps taken/being taken by the Government to bring back black money stashed away in various foreign banks abroad along with the success achieved so far as a result thereof?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (d): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 76, RAISED BY SHRI SATAV RAJEEV AND SHRI ASADUDDIN OWAISI, HON'BLE MEMBERS OF PARLIAMENT, FOR REPLY ON 11TH JULY, 2014

(a): There is no official estimate of the Government regarding amount of the black money stashed inside and outside the country. However, the Government has commissioned a study on, inter alia, estimation of unaccounted income and wealth inside and outside the country. The study is being conducted separately and independently by three institutes, namely, National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM). The study is yet to be completed.

(b): In June 2011, under the provisions of Double Taxation Avoidance Convention (DTAC) between India and France, Government obtained information of certain persons of Indian origin having bank accounts in a bank in Switzerland. In March 2009, information regarding deposits/outstanding amounts in the accounts maintained by 12 trusts/entities with LGT Bank in Liechtenstein was obtained from the German Tax Authorities under the Double Taxation Avoidance Agreement (DTAA) between India and Germany. The 12 trusts/entities involved 26 individuals of Indian origin/nationality. The information received under the provisions of DTAC/DTAA [tax treaties] is covered by the confidentiality clause in the said tax treaties and the contents of the information so received can be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes which are the subject of the tax treaties. Further, the details relating to assets and assessment of income, etc. regarding specific taxpayers cannot be disclosed.

(c): The Government has constituted a Special Investigation Team (SIT) under the Chairmanship of Mr. Justice M.B. Shah, former Judge of Hon'ble Supreme Court, vide Notification dated 29.05.2014, comprising of the following:

(a) Hon'ble Mr. Justice M.B. Shah, former Judge of Supreme Court - Chairman (b) Hon'ble Mr. Justice Arijit Pasayat, former Judge of Supreme Court - Vice Chairman (c) Revenue Secretary - Member (d) Deputy Governor, Reserve Bank of India - Member (e) Director (IB) - Member (f) Director, Enforcement Directorate - Member (g) Director, CBI - Member (h) Chairman, CBDT - Member (i) Director General, Narcotics Control Bureau - Member (j) Director General, Revenue Intelligence - Member (k) Director, Financial Intelligence Unit - Member (l) Joint Secretary (FT&TR-I), CBDT - Member (m) Director, Research and Analysis Wing - Member
The terms of reference of the SIT are as per order dated 04.07.2011 of Hon'ble Supreme Court and include as under:

(i) The SIT shall function under the guidance and direction of Chairman and Vice Chairman.

(ii) The SIT shall be charged with the responsibilities and duties of investigation, initiation of proceedings, and prosecution, whether in the context of appropriate criminal or civil proceedings of:-

- a) all issues relating to the matters concerning and arising from unaccounted monies of Hassan Ali Khan and the Tapurias;
- b) all other investigations already commenced and are pending, or awaiting to be initiated, with respect to any other known instances of the stashing of unaccounted monies in foreign bank accounts by Indians or other entities operating in India; and
- c) all other matters with respect to unaccounted monies being stashed in foreign banks by Indians or other entities operating in India that may arise in the course of such investigations and proceedings.

(iii) It is also the responsibility of SIT to ensure that the matters are also investigated, proceedings initiated and prosecutions conducted with regard to criminality and/or unlawfulness of activities that may have been the source for such monies, as well as the criminal and/or unlawful means that are used to take such unaccounted monies out of and/or bring such monies back into the country, and use of such monies in India or abroad.

(iv) The SIT shall also be charged with the responsibility of preparing a comprehensive action plan, including the creation of necessary institutional structures that can enable and strengthen the country's battle against generation of unaccounted monies, and their stashing away in foreign banks or in various forms domestically.

The work of SIT is in progress. The Notification does not specify any time limit for the SIT to submit its report.

(d): The steps taken to bring back black money which has been stashed abroad include (i) Setting up of a SIT Chaired and Vice-Chaired by two former judges of Hon`ble Supreme Court for the purpose of unearthing black money stashed abroad;

(ii) Joining the global efforts to combat cross-border global tax evasion and tax fraud and to promote international tax compliance, including supporting the implementation of a uniform global standard on automatic exchange of information, on a fully reciprocal basis, to address the problem of taxpayers hiding their money in offshore financial centres and tax havens through multilayered entities with non-transparent ownership; (iii) Taking appropriate legislative measures such as reporting of assets (including bank accounts) kept outside the country; (iv) Renegotiation of DTAA's with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAA's and by entering into Tax Information Exchange Agreements (TIEAs) with many tax jurisdictions to facilitate the exchange of information and to bring transparency; (v) Joining the Multilateral Convention on Mutual Administrative Assistance in Tax Matters; (vi) Proactively engaging with foreign governments for exchange of information under the provisions of DTAA's/TIEAs/Multilateral Convention; (vii) Effectively utilizing the information received from treaty partners to combat tax evasion and avoidance; and (viii) Conducting training and sensitization programmes for the officers of the Income Tax Department for making requests in appropriate cases to India's treaty partners, etc. Sustained efforts, as above, made to obtain information about Indians having black money stashed abroad have resulted in levy of taxes and penalty and launching of prosecution in appropriate cases.