

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2960

ANSWERED ON:13.03.2015

HSBC BLACK MONEY CASE

Chaudhury Shri Jitendra; Jayadevan Shri C. N.; Khan Shri Md. Badariddoza; Pradhan Shri Nagendra Kumar; Rao Shri Rayapati Sambasiva; Raut Shri Vinayak Bhaurao; Reddy Shri Ch. Malla; Shewale Shri Rahul Ramesh; Tharoor Dr. Shashi

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of fresh revelation of Swiss Bank Accounts operated by Indians in Hong Kong and Shanghai Banking Corporation (HSBC) Geneva, if so, the details thereof;
- (b) whether the Government proposes to disclose the names mentioned in the new HSBC list and the previous list and propose to initiate action against illegitimate account holders, if so, the details thereof;
- (c) whether the Government has entered into an agreement with the various stakeholders including foreign Governments to share undisclosed names of Indian Account holders in various branches of HSBC, in Switzerland and other destinations and if so, the details thereof;
- (d) whether the Government has conducted any survey/investigation into the role of HSBC in helping Indian Nationals to evade taxes; and
- (e) if so, the details thereof and the steps taken or proposed to be taken by the Government to keep a check on such activities of banks and financial institutions?

Answer

MINISTER OF STATE FOR FINANCE (SHRI JAYANT SINHA)

(a) The Government has taken note of recent media reports in regard to certain HSBC clients reportedly associated with India. The media reports, inter alia, give profile of certain persons associated with India. However, such reports do not reveal names and other relevant particulars of all HSBC clients reportedly associated with India.

Such reports also contain a caveat that there are legitimate uses for Swiss bank accounts etc., and it is not intended to suggest or imply that persons, companies or other entities included in such reports have broken the law or otherwise acted improperly.

(b) Appropriate action in the cases of Indian taxpayers holding unreported HSBC accounts whose information was obtained in 2011 under Double Taxation Avoidance Convention (DTAC) with France, has already been taken. Further, the Government has taken appropriate measures to obtain the requisite information regarding HSBC clients reportedly associated with India, as appearing in media reports and available in public domain, for further necessary action as per law.

The information received under the provisions of the DTAC is governed, inter alia, by the confidentiality clause of the Convention. Such information 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 Convention.

Further, disclosure of information regarding specific taxpayers is prohibited except as provided under section 138 of the Income-tax Act, 1961.

(c) No such agreement has been entered into. However, the positive and significant outcome of the joint statement issued on 15.10.2014, after a meeting of an Indian delegation with a High Level Swiss Delegation in Berne, Switzerland, is as under:

(i) Switzerland has indicated willingness to provide information in respect of cases where investigations have been carried out by the Income-tax Department independently from what Swiss Government considers as stolen data.

(ii) Swiss Federal Tax Administration has agreed that their competent authority would assist India in obtaining confirmation of genuineness of bank documents on requests by the Indian side and also swiftly provide information on requests relating to non-banking information.

(iii) Swiss authorities have also agreed to provide the requested information in a time bound manner or else indicate the reasons as to why the cases cannot be answered within the agreed timeline.

(iv) Switzerland has assured that they would commence talks with India for concluding an Automatic Exchange of Information (AEOI) Agreement between India and Switzerland at the earliest, after completion of their domestic procedures.

(d) and (e) Appropriate action against evasion of taxes, including in the case of abettors to tax evasion, is an on-going process. Necessary investigation in such matters is conducted and prosecution complaints against abettors under direct tax laws are filed in criminal courts, wherever applicable.

In case of HSBC, investigation has been conducted in this regard for appropriate action as per provisions of direct tax laws.