

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:866

ANSWERED ON:27.02.2015

BLACK MONEY

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**Will the Minister of FINANCE be pleased to state:**

(a) the estimated amount of black money within and outside the country along with the details of the amount recovered from within and abroad as on date;

(b) whether Special Investigation Team (SIT) to unearth black money stashed abroad has submitted its report, if so, the details of the recommendations made thereof specifying the number of people interrogated by SIT, names of the black money account holders in various foreign banks along with the likely action taken/ proposed to be taken by the Government;

(c) whether Government has devised/proposes to devise any multipronged strategy to check the menace of black money within and outside the country including roping in the banks and launching voluntary disclosure scheme, renegotiation of Double Taxation Avoidance Agreement (DTAAs) with various countries to facilitate the exchange of information and bring transparency; and

(d) if so, the details thereof and the success achieved/likely to be achieved along with hurdles faced/likely to be faced in their endeavour?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI JAYANT SINHA)

(a) There is no official estimation of amount of black money within and outside the country. The Government has commissioned a study, inter alia, on estimation of unaccounted income and wealth inside and outside the country, through National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM). Reports received from these Institutes are under examination of the Government.

The cases involving black money (unreported income/asset) are subjected to appropriate enquiry/investigation, inter alia, through searches, surveys or other modes as prescribed in the Income-tax Act, 1961 (the Act). Based upon findings of the enquiry/ investigation, tax, etc. payable by the subject persons are determined and recoveries are made through the process prescribed in the Act. Penalties are levied and prosecutions are launched in appropriate cases. Recoveries of taxes, penalties, etc. made from such cases form part of the overall direct tax collection in the country.

(b) As per the Government's Notification dated 29th May 2014, the SIT is responsible to the Hon'ble Supreme Court and it is charged with the duty to keep the Hon'ble Supreme Court informed of all major developments by filing of periodic status reports and following of any special orders that Supreme Court may issue from time to time. The SIT has submitted its first report in August 2014 and second report in November 2014 to the Hon'ble Supreme Court. Directions issued by the SIT are carried out and feedback submitted to the SIT from time to time.

(c) and (d) The Government has taken every possible measure to effectively deal with the menace of black money. Measures taken by the Government in this regard include

(i) Constitution of a Special Investigation Team (SIT), in May 2014, with two former judges of the Hon'ble Supreme Court as Chairman and Vice-Chairman, inter alia, to deal with issues relating to 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 facilitating exchange of information regarding persons hiding their money in offshore financial centres and tax havens through multilayered entities with non-transparent ownership;

(iii) Taking appropriate legislative measures which include amendment to section 285BA of the Income -tax Act, 1961 (the Act) vide Finance (No. 2) Act, 2014 facilitating the Automatic Exchange of Information; amendment to section 139 of the Act and relevant rules requiring reporting of assets (including bank accounts) located outside the country in Income-tax return (ITR) and filing of ITR by every person resident in India who has any asset located outside India or signing authority in any account located outside India; introduction of section 94A of the Act providing for counter measures against a non-cooperative jurisdiction once such a jurisdiction is notified, etc.; (iv) Renegotiation of Double Taxation Avoidance Agreements (DTAAs) with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAAs 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/TIEAs/Multilateral Convention; (vii) Exploring non-governmental sources to obtain information regarding undisclosed foreign assets; (viii) Effectively utilizing the information received from treaty partners to combat tax evasion and avoidance; (ix) While focusing upon non- intrusive measures, due emphasis on intrusive enforcement measures in high impact cases with a view to prosecute the offenders at the earliest possible, for credible deterrence against tax evasion; (x) Strengthening and streamlining the information collection and enforcement mechanism, inter alia, through extensive use of information technology, capacity building, etc.

While there are impediments in obtaining information relating to undisclosed assets stashed abroad, pursuant to steps taken by the Government as mentioned above, the flow of information has improved leading to better enforcement action.