

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3208
ANSWERED ON:07.08.2015
Foreign Account Tax Compliance Act
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Will the Minister of FINANCE be pleased to state:

- (a) whether India and the USA have signed an agreement to implement the Foreign Account Tax Compliance Act (FACTA);
- (b) if so, the details and salient features thereof and the time by which it is likely to be implemented;
- (c) whether the Central Board of Direct Taxes (CBDT) has reconstituted a special committee to enable it to exchange information with American officials under the FACTA, if so, the details thereof; and
- (d) the extent by which the exchange of information is likely to check black money?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) Yes, Madam.

(b) India and the U.S.A. have signed an Inter Governmental Agreement (IGA) on 9th July, 2015 to implement the Foreign Account Tax Compliance Act (FATCA) with a view to promote transparency between the two nations on tax matters. As per the IGA, Financial Institutions in India will be required to report tax related information relating to U.S. account holders directly to the Indian Government which will, in turn, relay that information to the U.S.A. The U.S.A. will provide similar information relating to Indian account holders in the U.S.A., although the exchange of information is not fully reciprocal at present. The exchange of information on an automatic basis under the provisions of the IGA is likely to begin by end of September, 2015.

(c) An Information Security Committee (ISC) was constituted in the Central Board of Direct Taxes (CBDT) on 7th April, 2015, with the following broad responsibilities:

- (i) Ratification of the Information Security Policies and Procedures (ISPP) suggested by the Chief Information Security Officer (CISO).
- (ii) Ensure that ISPP is implemented by ensuring the involvement of the business heads.
- (iii) Conduct the management review of the ISPP to ensure continuing suitability, adequacy and effectiveness of ISPP.
- (iv) Initiate internal and external security reviews and ensure that action is taken to rectify any identified shortfalls.
- (v) Responsible for disciplinary action in cases of breach of ISPP.

The members of the ISC as constituted were as under:

- (i) Member (IT), CBDT
- (ii) Joint Secretary (FT&TR-I)
- (iii) Joint Secretary (TPL-II)
- (iv) CIT(Inv.)
- (v) CIT(M&TP)
- (vi) DIT(I&CI), New Delhi
- (vii) DIT(Systems – II)

Through an order dated 19th June, 2015, the Committee was reconstituted by:

- (i) nominating Joint Secretary (FT&TR-II) as member
- (ii) nominating CIT(International Taxation – 3), New Delhi as member in place of CIT(M&TP).

Constitution of this committee is one of the steps in maintaining the confidentiality of information exchanged in accordance with the provisions of the IGA and will facilitate information exchange with U.S.A.

(d) Exchange of Information under the provisions of tax treaties enables the Indian Tax Authorities to seek and obtain information/evidence located outside India which is used for tackling the problem of offshore tax evasion and avoidance as also unearthing of undisclosed money stashed abroad and thus is an important measure to check black money.
