

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3203

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Investigation on Black Money

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made an assessment of money deposited by Indians abroad, if so, the proportion of it identified as black money;
- (b) the current status and progress of the investigation into black money stashed abroad;
- (c) whether the Government has reviewed the investigation done as on date with regard to recovery of black money, if so, the details thereof and the outcome thereon;
- (d) whether the Government has obtained information on foreign accounts of Indians having money in foreign banks/countries;
- (e) if so, the details thereof and the number out of them holding black money in those accounts along with the action taken against the offenders;
- (f) whether the Government is contemplating to introduce a General Waiver Scheme to bring back black money stashed abroad, if so, the details thereof and if not, the reasons therefor; and
- (g) whether such schemes were introduced in the past, if so, the details thereof and the extent of its achievement in bringing back black money?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI JAYANT SINHA)

(a) Various non-governmental organizations and economists in the past have indicated widely varying estimations regarding illicit financial flows out of the country. Such estimations appear to be based upon different sets of facts, assumptions, presumptions, etc. leading to widely varying inferences. Such estimations also appear to lack unanimity and reliability. The subject matter, therefore, does not appear amenable to reliable estimation.

(b) Appropriate action under relevant laws in respect of cases involving black money stashed abroad is an on-going process. Such action under direct tax laws includes searches, surveys, enquiries, assessment of income, levy of tax, interest, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable. The tax, interest and penalties, forming part of the total liability of each assessee, are enforced as per law. With a view to specifically and effectively handle the issue of black money stashed abroad, the Government has recently enacted a new law -The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 - which has come into effect from 01.07.2015 and, inter alia, provides for more stringent penalties and prosecutions. In light of the above on-going process, investigation, assessment, penal actions, prosecutions, etc. in the cases involving black money stashed abroad are at different stages in different cases.

(c) As submitted in reply to part (b) above, the tax, interest and penalties form part of the total liability of each assessee and is recovered in accordance with law. Such liability is also recovered from assets seized during the searches conducted by the Income-tax Department. There are also provisions for recovery of the same from assets kept abroad in accordance with legal instruments with the foreign jurisdictions concerned. As per scheme of the Income-tax Act, 1961, only the demand/liability raised in relation to the total income assessed is recoverable and not the undisclosed income/black money per-se. Under the newly enacted Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, the offence of wilful attempt to evade tax, penalty or interest in relation to undisclosed foreign income and assets has also been made a scheduled offence for the purposes of the Prevention of Money Laundering Act, 2002 (PMLA). This enables attachment and confiscation of the proceeds of crime of wilful attempt to evade such tax, etc., eventually leading to recovery of such black money / undisclosed foreign income and assets. Further, where property/proceeds of crime is taken or held outside the country, PMLA has been amended through the Finance Act, 2015 enabling attachment and confiscation of property equivalent in value held within the country.

(d) and (e) Receipt of information on foreign accounts of Indian persons, inter alia, under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions (tax treaties) is an on-going process. Whenever such information is received, appropriate action is taken under relevant laws. Information received under the provisions of tax treaties is governed, inter alia, by confidentiality and usage clause in such instruments and could be disclosed only to the prescribed persons/authorities. Further, disclosure of information regarding specific taxpayers is prohibited except as provided under section 138 of the Income-tax Act, 1961.

(f) Presently, the Government is not contemplating to introduce any general waiver scheme to bring back black money stashed abroad. However, the newly enacted Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provides for a one-time compliance opportunity for a limited period to persons who have undisclosed foreign assets. Such persons may file a declaration before the specified tax authority by 30th September 2015, followed by payment of tax at the rate of 30 percent and an equal amount by way of penalty. Upon doing so, the declarant will not be prosecuted under the stringent provisions of the new Act.

(g) A window similar to the aforesaid one-time compliance window in relation to black money stashed abroad was not introduced in the past. However, Remittances in Foreign Exchange (Immunities) Scheme and India Development Bond Scheme were introduced in 1991 providing that the Assessing Officers, in any proceeding under the direct tax laws, will not make any enquiry with regard to remittances in foreign exchange received under the Remittance in Foreign Exchange (Immunities) Scheme, 1991 or gift of any India Development Bonds from a non-resident Indian/overseas corporate body. Foreign exchange equivalent to about Rs.6,400 crore was collected under these two schemes.