

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2246

ANSWERED ON:06.05.2016

Offshore Tax Evasion

Agrawal Shri Rajendra;Kumar Shri P.;Lokhande Shri Sadashiv Kisan;Pradhan Shri Nagendra Kumar;Raut Shri Vinayak
Bhaurao;Sawaikar Shri Advocate Narendra Keshav;Senthilnathan Shri PR.;Shrirang Shri Chandu Barne;Yadav Shri Dharmendra

Will the Minister of FINANCE be pleased to state:

- (a) whether any difficulties has been faced by the Government in unearthing black money and if so, the details thereof and the action taken thereon;
- (b) whether the Government has plans to announce another window under the disclosure scheme of black money and if so, the details thereof;
- (c) the progress made so far to resolve these disputes;
- (d) whether various countries agreed to set up competent authorities engaging in bilateral dialogue to move toward cooperation in tackling offshore tax evasion and avoidance and if so, the details thereof; and
- (e) whether India and tax haven countries have agreed to collaborate in tackling offshore tax evasion and the avoidance including the joint tax audits, if so, the details thereof, country-wise including United States of America?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI JAYANT SINHA)

- (a) While there are impediments in obtaining information relating to undisclosed assets stashed away abroad, pursuant to various initiatives taken by the Government, the flow of information has improved leading to better enforcement action. The Government has taken several measures to effectively deal with the issue of black money. Such measures include policy-level initiatives, more effective enforcement action on the ground, putting in place robust legislative and administrative frameworks, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology. Recent major initiatives of the Government include – (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Enactment of a comprehensive new law titled 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' to specifically and more effectively deal with the issue of black money stashed away abroad which has come into force w.e.f. 01.07.2015, (iii) Introduction of the Benami Transactions (Prohibition) Amendment Bill, 2015 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and provide for prosecution, (iv) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions, (v) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions including prosecutions in appropriate cases, (vi) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest for credible deterrence against tax evasion/black money, (vii) Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA).
- (b) The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provided for a one time window for disclosure of undisclosed foreign income and assets, which was provided from 01.07.2015 till 30.09.2015.
- (c) Does not arise in view of reply to part (a) above.
- (d) International cooperation in tackling offshore tax evasion and avoidance is achieved, inter alia, through 'Exchange of Information' mechanism provided under tax treaties entered into by India with various countries. Presently, India has tax treaties (bilateral or multilateral) with 137 countries/ offshore jurisdictions.
- (e) Tax treaties entered into by India with various countries as stated in reply to part (d) above include treaties with no-tax or low-tax offshore jurisdictions. India and United States of America have committed to tackling offshore tax evasion and avoidance through mutual collaboration, including joint tax audits and tax examination abroad. Besides, India has proactively contributed to furthering the global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Common Reporting Standard (CRS) on Automatic Exchange of Information. Over 90 jurisdictions, including several no-tax or low-tax offshore jurisdictions, have expressed their commitment for putting in place the CRS.