

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:91
ANSWERED ON:28.11.2014
STRATEGY TO CHECK BLACK MONEY
Singh Shri Bhola

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is contemplating any strategy to check the menace of black money in the country;
- (b) if so, the details thereof; and
- (c) the measures being taken by the Government to monitor the flow of black money in the real estate?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (c): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 91, RAISED BY DR. BHOLA SINGH, HON'BLE MEMBER OF PARLIAMENT, FOR REPLY ON 28th NOVEMBER 2014

Government is committed to take all possible measures to check the menace of black money in the country. These measures include 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. Brief particulars of certain major actions and initiatives are as under:

- (i) While focusing on non-intrusive measures to detect unreported incomes, various initiatives have been taken to create effective deterrence against tax evasion. These include focused searches and surveys, sustained investigations and timely launching of prosecutions in appropriate cases;
- (ii) Joining the global efforts to combat cross-border global tax evasion and tax fraud, 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 money in offshore centres/tax havens through multilayered entities with non-transparent ownership;
- (iii) Renegotiation of Double Taxation Avoidance Agreements (DTAAs) to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing treaties to facilitate the exchange of information and to bring transparency;
- (iv) Improving inter-agency co-operation to more effectively tackle the menace of black money;
- (v) Important legislative measures taken in recent years include the following:

Amendment in section 56 of the Income-tax Act, 1961 to address the issues of black money arising out of under valuation of property, over valuation of shares and forfeiture of advance received against capital asset;

Extending the ambit of tax deduction at source (TDS) to include certain transactions in real estate sector i.e. TDS at the rate of 1 per cent on transfer of immovable property (other than rural agricultural land) by a resident having value of Rs.50 lakh or more;

Introduction of section 43CA in the Act to tackle the cases where stamp duty value on transfer of immovable property held as stock in trade is greater than the sale consideration;

Extending the scope of tax collection at source (TCS) to include certain vulnerable sectors i.e. purchase in cash of bullion in excess of Rs.2 lakh and jewellery in excess of Rs.5 lakh, TCS at the rate of 1 per cent on transactions in mining sector - coal, lignite and iron ore;

Introduction of section 94A in the Act to provide for a tool box of counter measures against a non-co-operative jurisdiction once such a jurisdiction is notified;

Amendment in section 139 of the Act to provide that a person resident in India who has any asset located outside India or is signing authority in any account located outside India is to compulsorily file a return of income. Further, Schedule FA has been prescribed in Income-tax returns (ITRs) where the person is required to fill up details of assets (including immovable property, bank accounts,

financial interest in any entity, beneficial interest in a trust, etc.) held abroad. In addition to Schedule FA, ITR forms ITR-3 and ITR-4 (applicable to individuals having income from business or profession) contain a Schedule AL which requires all individuals having total income of more than Rs.25 lakh to reports details of their assets and liabilities which include movable and immovable assets and liabilities;

Amendment in section 147 of the Act to provide for reopening of a case involving undisclosed foreign assets/bank accounts up-to 16 years;

(vi) 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;

Most of the measures stated above, including amendment in section 56, introduction of TDS on transfer of immovable property, introduction of section 43CA, strengthening & streamlining of information collection and enforcement mechanism, are also aimed at curbing the flow of black money in real estate sector.