

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**

**UNSTARRED QUESTION NO. 1664**

ANSWERED ON 10.12.2024

**ANGEL TAX ABOLITION**

1664. SHRI TIRUCHI SIVA:

Will the Minister of FINANCE be pleased to state:

- (a) the steps taken by the Ministry to ensure that the abolition of Angel Tax does not inadvertently facilitate tax evasion or inflated valuations in the startup ecosystem, in light of growing investments from Non-Resident Indians (NRIs);
- (b) whether the Ministry intends to establish safeguards to ensure that funds are utilized effectively for business growth rather than speculative investments; and
- (c) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a), (b) and (c)

To prevent and take action against tax evasion, money laundering and inflated valuations, there are various provisions in the Income-tax Act, 1961, Prevention of Money-laundering Act (PMLA) and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

In the Income-tax Act, there are provisions to verify the sources of investment. Also there are certain restrictions in respect of set-off of losses of speculative businesses and short-term loss under the head 'Capital gains'. These provisions shall continue to operate. Moreover, utilization of funds received by a business is governed by the wisdom of the management and the Board of Directors subject to regulatory mechanisms in place by the relevant regulators.

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