

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

**LOK SABHA
STARRED QUESTION NO.*19
TO BE ANSWERED ON FRIDAY, THE 15TH DECEMBER, 2017
AGRAHAYANA 24, 1939 (SAKA)
INCOME TAX RAIDS**

***19. SHRI PR. SENTHIL NATHAN:
SHRI BHARATHI MOHAN R.K.:**

Will the Minister of FINANCE be pleased to state:

- a. whether the Government has conducted several income tax raids after the demonetization of old 500 and 1000 rupee currencies last year;*
- b. if so, the details thereof, individual/ company/trust, State/UT-wise;*
- c. whether the Government has taken effective steps to control and curb the prevalence of parallel economy and unaccounted transactions; and*
- d. if so, the details thereof?*

**ANSWER
FINANCE MINISTER**

(SHRI ARUN JAITLEY)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. *19, RAISED BY SHRI PR. SENTHIL NATHAN: SHRI BHARATHI MOHAN R.K., HON'BLE MEMBERS OF PARLIAMENT, FOR REPLY ON 15th DECEMBER, 2017

(a) and (b) : Yes

The Income-tax Department (ITD) conducted several search & seizure actions after demonetization of old 500 and 1000 rupee currencies last year.

During the period from November 2016 to March 2017, the ITD conducted searches on around 900 groups, wherein, assets worth over Rs. 900 crores were seized and undisclosed income of over Rs. 7,961 crores was admitted. During the same period, 8239 surveys were conducted leading to detection of undisclosed income of Rs.6745 crores. Further, during the period from April 2017 to October 2017, around 275 groups were searched by the ITD, where assets worth over Rs. 573 crores were seized and a disclosure of over Rs. 7800 crores was made by the assessee concerned. During the same period, 3188 surveys were conducted by ITD in which undisclosed income of Rs. 2485 crores was detected.

The Central Board of Direct Taxes can not provide entity-wise details of search and seizure conducted due to the provisions of section 138 of the Income tax Act. It also does not maintain State/ UT wise details of search and seizure.

(c) and (d): The Government has taken several measures to effectively control and curb the prevalence of parallel economy and unaccounted transactions. Major steps in this regard constitute:-

- 1. Enactment of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 w.e.f. 01/07/2015** to more effectively tackle the cases involving black money stashed abroad.
- 2. Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 w.e.f. 01/11/2016** to effectively deal with domestic black money cases.
- 3. Constitution of the Special Investigation Team (SIT) on Black Money in May, 2014** under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court. The SIT has so far submitted 6 reports to Hon'ble Supreme Court
- 4. Constitution of Multi-Agency Group (MAG)** for coordinated and effective investigation in 'Panama paper leaks' cases and Paradise Leaks cases.
- 5. Task Force (TF) on Shell Companies** constituted under the joint chairmanship of Revenue Secretary and Secretary (Ministry of Corporate Affairs) in February, 2017. The task force has met 6 times so far.
- 6. Various other anti-evasive legislative measures taken:**
 - 6.1 Tracking & curbing cash transactions and strengthening third party reporting mechanism:** Quoting of PAN made mandatory for sale or purchase of any goods/services above Rs. 2 Lakh.
 - 6.2 Post-demonetization, significant measures:**
 - i. Quoting of PAN made mandatory for all cash deposits above Rs. 50,000 and aggregating to more than Rs. 2.5 lakh for the period from 9 November to 31 December, 2016.

- ii. Further, Rule 114E of the Income Tax Rules, 1962 was amended to mandate the prescribed reporting entities to report all cash deposits above Rs. 2.5 Lakhs in savings accounts and Rs. 12.5 Lakhs in current account during the above period.
- iii. Restriction on cash transaction of Rs. 2 lakh or more (Section 269ST of I.T. Act), no deduction under section 80G if cash donation exceeds Rs. 2000 w.e.f. 01.04.2018, restriction on donations of Rs.2000/- or more to political parties otherwise than by a bank account or through electoral bonds.
- iv. Deeming fair market value as full value of consideration for computation of capital gains in case of transfer of shares other than quoted shares.
- v. Mandating that a person who has an account (other than a time deposit and a Basic Saving Bank Deposit Account) maintained with a banking company or a cooperative bank shall furnish his PAN or Form No. 60 etc.
- vi. Linking of Aadhar with PAN has been made mandatory for filing Income Tax Returns and for applying for new PAN from 1st July 2017.

7. International Cooperation:

- i. Proactively engaging with foreign governments to enhance the exchange of information (EoI) under tax treaties, India has tax treaties with 148 foreign jurisdictions as on 30.06.2017
- ii. India joined a group of 48 countries as early adopters to new global standards for automatically exchanging information from 2017
- iii. India-Mauritius and India-Singapore tax treaties amended to adopt source based taxation of capital gains with a view to help curb tax evasion and tax avoidance.

8. Interventions in regulatory framework by the CBDT:

8.1 Integration of PAN and TAN with MCA Portal:

e-PAN Card for Company Applicants issued within 1 day (95% within 4 hrs) from March, 2017

8.2 MoU for exchange of information signed between Central Board of Direct Taxes and Ministry of Corporate Affairs.

- 9. Actions in the context of demonetization:** The Income-tax Department adopted a multi-pronged approach to detect and seize undisclosed assets after the announcement of the demonetization scheme on 8 November, 2016. This included collection of high quality intelligence, identification and prioritization of high risk cases, creating deterrence while ensuring professionalism and integrity in investigations. Significant steps taken in this regard are:-

9.1 Enforcement actions:

- i. The Income Tax Department conducted searches in 900 groups during November 2016 to March, 2017 leading to seizure of assets of Rs.900 crore, including cash of Rs. 636 crore, and admission of undisclosed income of Rs. 7,961 crores
- ii. During the same period, 8,239 surveys were conducted leading to detection of undisclosed income of Rs.6,745 crore

9.2 Operation Clean Money initiated by the Income Tax Department on 31st January 2017:

- i. 17.73 lakhs suspicious cases (No. of PANs) identified involving Rs. 3.68 lakh crore in 23.22 lakh bank accounts
- ii. Responses of 11.18 lakh persons for 16.92 lakh bank accounts taken online
- iii. Further, a total of 20,572 Income Tax Returns (ITRs) have been selected for scrutiny under Computer Assisted Scrutiny System (CASS) - 2017 in Cycle-2. Moreover, 1,16,262 notices under section 142(1) of the Income Tax Act are being issued to non-filers who deposited Rs 25 lakh or more in cash during demonetization but failed to file their return of income by the due date.

9.3 Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY)

- i. The Taxation Laws (Second Amendment) Act, 2016 was enacted, which enabled levy of tax at a higher rate on the undisclosed income under which a person could declare his undisclosed cash by paying tax, surcharge & penalty totaling to 50% of the undisclosed income. Besides, he would have to keep 25% of the undisclosed income in Pradhan Mantri Garib Kalyan Deposit Scheme, interest free for 4 years.
- ii. 21000 persons disclosed Rs. 4,900 crore under the Prime Minister Garib Kalyan Yojana (PMGKY) on which Rs. 2,451 crore was collected as tax.

10. The Income Declaration Scheme, 2016: 71,726 declarations declaring undisclosed income of Rs.67,382 crore were made under the scheme
