

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**LOK SABHA**  
**STARRED QUESTION NO. \*81**

TO BE ANSWERED ON FRIDAY, THE 29<sup>TH</sup> APRIL, 2016 /9<sup>TH</sup> Vaisakha, 1938  
(SAKA)

**TAX EVASION**

†\*81. SHRI NANA PATOLE:

SHRI NALIN KUMAR KATEEL:

Will the Minister of FINANCE be pleased to state:

- (a) whether any study/survey to assess the quantum of tax evaded in the country has been commissioned, if so, the findings thereof;
- (b) whether the Government has reviewed the mechanism put in place to detect tax evasion, if so, the details thereof;
- (c) the deficiencies noticed in the said mechanism in tax avoidance/evasion and corrective action taken thereon;
- (d) whether the Government has taken note of incidents of tax evasion in the guise of farm income, often used as a conduit for money laundering, if so, the details thereof; and
- (e) whether the Government proposes to inquire into the matter, if so, the details thereof along with the efforts made by the Government to check such malpractices?

**ANSWER**

**FINANCE MINISTER**  
**(SHRI ARUN JAITLEY)**

(a) to (e): A Statement is laid on the Table of the House.

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**STATEMENT AS REFERRED TO IN REPLY TO PARAs (A) to (E) OF LOK SABHA  
STARRED QUESTION NO. \*81 FOR ANSWER ON 29<sup>TH</sup> APRIL, 2016 / 9<sup>TH</sup>  
VAISAKHA, 1938 (SAKA) REGARDING TAX EVASION**

(a): No, Madam.

(b): Periodic review of the Government's mechanism for detecting tax evasion is an on-going process. In recent times, the Government has taken several effective steps, both by way of policy-level initiatives as well as through more effective enforcement action on the ground, to tackle tax evasion/black money. These steps 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. Major initiatives taken by the Government in the recent past 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 - '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 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 possible for credible deterrence against tax evasion/black money, (vii) Initiation of the information technology based 'Project Insight' by the Income Tax Department for strengthening the non-intrusive information driven approach for improving tax compliance and effective utilization of available information, (viii) 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), (ix) Legislative measures including amendments in the Income-tax Act, 1961.

There is an established mechanism to detect evasion of Indirect tax cases through the two apex agencies, viz. Directorate General of Central Excise Intelligence (DGCEI) and the Directorate General of Revenue Intelligence (DGRI), who have been taking regular steps to improve anti-evasion and Anti-Smuggling performance. These include, strengthening of Intelligence network, identification of evasion prone commodities/services, issuing Modus Operandi Circulars regarding evasion of Central Excise, Customs duty & Service tax to field formations, coordination and sharing of information

about tax evasion with other enforcement agencies like CEIB, Income Tax, Sales Tax, Enforcement Directorate and FIU. Besides, the Commissionerates are also involved in checking of tax evasion in their respective jurisdiction.

(c): On the basis of Modus Operandi of tax evasion/smuggling noticed, as a corrective action, legal changes are made and circulars are issued to alert the field formations.

(d) and (e): The Income Tax Department (ITD) collects information pertaining to agricultural income of the taxpayers, inter alia, through their Income Tax Returns, and the same along with the information collected from various other sources and the information available in the database of the ITD is taken into consideration in the analysis on various risk parameters for appropriate action under direct taxes law. Appropriate action against tax evasion/black money, including in the guise of agricultural income, is an on-going process. Such action under direct tax laws includes searches, surveys, enquiries, scrutiny assessments, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints before criminal courts, wherever applicable.

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