

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

**LOK SABHA
STARRED QUESTION No.†*89
TO BE ANSWERED ON FRIDAY, THE 22ND JULY, 2016
ASHADHA 31, 1938 (SAKA)**

BLACK MONEY

**†*89. SHRI BRIJBHUSHAN SHARAN SINGH:
SHRI MD. BADARUDDOZA KHAN:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made an assessment of black money stashed abroad and if so, the details thereof;*
- (b) the steps taken by the Government so far to unearth the black money and the outcome thereof;*
- (c) whether the Government has introduced a new scheme in the budget 2016-17 to tackle the menace of black money in the country; and*
- (d) if so, the details and outcome 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. †*89, RAISED BY SHRI BRIJBHUSHAN SHARAN SINGH AND SHRI MD. BADARUDDOZA KHAN, HON'BLE MEMBERS OF PARLIAMENT, FOR REPLY ON 22ND JULY, 2016

There is no official estimation of the amount of black money stashed away abroad. Various non-governmental organizations and economists in the past have indicated certain estimations of illicit financial flows out of the country. Such estimations appear to be based upon different sets of facts, assumptions, presumptions, etc. leading to widely varying inferences, which lacked unanimity and reliability.

The Government had commissioned a study, *inter alia*, on estimation of unaccounted income and wealth inside and outside the country, through National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM). Reports received from these Institutes are under examination of the Government and the same is expected to be completed within next few weeks.

The Government has taken several steps to effectively tackle the issue of black money, particularly black money stashed away abroad. 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 appropriate use of information technology. Recent major initiatives in this regard 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) Recognizing various limitations under the existing legislation [Income-tax Act, 1961, etc.], 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 tackle the issue of black money stashed away abroad, (iii) Constitution of Multi-Agency Group (MAG) consisting of officers of Central Board of Direct Taxes (CBDT), Reserve Bank of India (RBI), Enforcement Directorate (ED) and Financial Intelligence Unit (FIU) for coordinated investigation into recent revelations in Panama paper leaks, (iv) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Tax Treaties, (v) Renegotiation of existing tax treaties with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new Tax Treaties, (vi) Proactively furthering global efforts for Automatic Exchange of Information (AEOI) and Common Reporting Standards (CRS), *inter alia*, by joining the Multilateral Competent Authority Agreement and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA), (vii) Enabling attachment and confiscation of property equivalent in value held within the country where the property/proceeds of crime is taken or held outside the country by amending the Prevention of Money-laundering Act, 2002 through the Finance Act, 2015, (viii) 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

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Benami property and provide for prosecution, (ix) 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, (x) Other legislative measures including amendments in the Income-tax Act, (xi) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions including prosecutions in appropriate cases, (xii) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to detect undisclosed income and prosecute the offenders at the earliest for credible deterrence against tax evasion/black money.

As part of enforcement measures, the Income Tax Department conducted searches in 990 groups of assesseees during last 2 years (F.Ys. 2014-15 and 2015-16), seizing undisclosed assets worth Rs.1,474 Crore. These assesseees admitted undisclosed income of Rs.21,354 Crore. During the same period, 9,457 surveys conducted resulted in detection of undisclosed income of Rs.22,475 Crore. Further, there has been significant rise in criminal prosecutions filed by the Income Tax Department in last 2 years and number of cases where prosecution complaints were filed and offences were compounded during F.Ys. 2014-15 and 2015-16 is 3,140 as against 1,690 during F.Ys. 2012-13 and 2013-14.

These measures have equipped the Government better in curbing the menace of black money. Further, sustained and prompt action taken by the Income Tax Department in various cases involving black money has resulted into assessment of substantial amounts of undisclosed income, levy of concealment penalty and filing of criminal prosecution complaints for various offences in appropriate cases.

'The Income Declaration Scheme, 2016' (the scheme) has been introduced vide the Finance Act 2016, with effect from 1st June 2016. The scheme provides for an opportunity to all the persons who have not paid full taxes in the past to come forward and declare the undisclosed income and pay tax, surcharge and penalty, totaling to forty-five per cent of such undisclosed income declared. The scheme is open for declarations up-to 30th September 2016.
