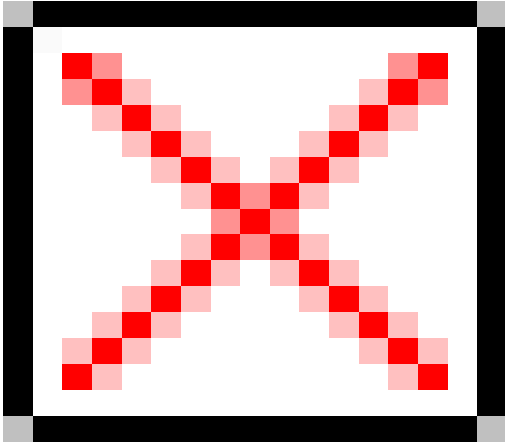


Black Money Tax



TIOL-DDT 2993

19 12 2016

Monday

THE [Taxation Laws \(Second Amendment\) Act, 2016](#) has come into force on 15th December, 2016.

1. Government has notified 17th day December, 2016, as the date on which the Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 comes into force; and the 31st day of March, 2017 as the date on or before which a person may make a declaration under sub-section (1) of the section 199C. [Notification No. 115/2016; Dated: December 16 2016](#)
2. Government has notified the [Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana Rules, 2016](#) . - [Notification No. 116/2016; Dated: December 16 2016](#)
3. Government has notified the jurisdiction of the Principal Commissioner or the Commissioner for the declaration. - [Notification No. 117/2016; Dated: December 16 2016](#)
4. Government has notified the [Pradhan Mantri Garib Kalyan Deposit Scheme, 2016](#). [Dept. of Economic Affairs Notification dated December 16 2016](#)

FM told the Parliament!

THE Lok Sabha adjourned [sine die](#)

on Friday. The Finance Minister gave some very important clarifications while answering questions. Some of the questions and their answers are given below:

[New Income Disclosure Scheme:](#)

Question:

(a) whether the Government has introduced a new income disclosure schemes under the Pradhan Mantri Garib Kalyan Yojana and if so, the details thereof;

(b) whether proposed tax scheme would provide no immunity from FEMA, PMLA, Narcotics and Black Money and cover deposits made from November 10, 2016; and

(c) if so, the details thereof and the outcome thereto?

Answer:

The Taxation Laws (Second Amendment) Bill, 2016, passed by Lok Sabha on 29.11.2016, *inter alia* seeks to introduce the, 'Taxation and Investment Regime for Pradhan Mantri Garib Kalyan Yojana, 2016 (the Scheme)'. A declarant under the Scheme shall be required to pay tax @ 30% of undisclosed income, surcharge @ 33% of tax and penalty @ 10% of undisclosed income. The declarant shall also be required to deposit an amount, which shall not be less than twenty-five per cent of the undisclosed income in, the 'Pradhan Mantri Garib Kalyan Deposit Scheme, 2016'. Such deposit shall carry no interest and have a locking period of four years.

The Scheme does not provide any immunity to the declarant in respect of detention made under Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, offence punishable under Chapter IX or Chapter XVII of the Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Unlawful Activities (Prevention) Act, 1967, the Prevention of Corruption Act, 1988, the Prohibition of Benami Property Transactions Act, 1988, the Prevention of Money-Laundering Act, 2002, the Special Court Act, 1992, and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

A declaration in respect of any income, in the form of cash or deposit in an account maintained by the person with a specified entity, chargeable to tax under the Income-tax Act for any assessment year commencing on or before the 1st day of April, 2017, can be made under the Scheme.

Illegal Exports:

Question:

(a) whether the Government is aware that readymade garments from several States/UTs have been illegally exported;

(b) if so, the details of such cases reported during the last three years, State/ UT-wise;

(c) whether the said exports are being carried out in connivance with the Excise Inspectors/Officers; and

(d) if so, the details thereof and the action taken or being taken against the guilty officers and excise inspectors so far?

Answer:

Yes. A few cases were reported wherein lower rank officers were found involved. Action has already been taken against the guilty, as per rules.

Smuggling

Question:

(a) whether fake products/counterfeit consumer goods are being smuggled from foreign countries to India;

(b) if so, the details thereof;

(c) whether the Government is suffering financial losses due to smuggling of fake products/goods in the country;

(e) if so, the details thereof; and

(f) the corrective steps taken/ proposed to be taken in this regard?

Answer:

The Customs department has booked 118 cases of smuggling of fake products/counterfeit consumer goods in the country and action against the perpetrators has been taken under the Customs Act, 1962.

No such study has been undertaken by the Government.

In order to curb smuggling of fake products/counterfeit consumer goods, the Directorate of Revenue Intelligence (DRI) of CBEC has been issuing Alert/modus operandi circulars from time to time. Strict vigil is kept by Customs formations to thwart any attempt of such smuggling. On detection of cases, action is taken under the provisions of Customs Act, 1962.

Restriction on holding of Gold:

Question:

(a) whether the Government proposes to restrict holding of gold by individuals in a bid to crack down on black money;

(b) if so, the details thereof; and

(c) the steps taken by the Government in this regard?

Answer:

No.

DRISCNs - Overvaluation:

Question:

(a) whether the Directorate of Revenue Intelligence (DRI) has recently issued show-cause notices to several companies for inflating the value of capital goods imported by them;

(b) if so, the details of show cause notices issued by DRI to various companies in the last six months and charges levelled against them;

(c) whether the companies have replied to the show-cause notices;

(d) if so, the details thereof; and the action taken/proposed to be taken by the Government in the matter?

Answer:

Yes.

Directorate of Revenue Intelligence (DRI) has issued Show Cause Notices to several companies for overvaluation of capital goods of Rs.1049.93 crore during the last six months.

Reply in respect of some Show Cause Notices has already been received whereas some replies are awaited.

Action has been taken as per the provisions provided under the Customs Act, 1962.

No Indirect Tax payment by cash:

Question:

- (a) whether local bodies viz. Municipal Corporation, Municipal Council and other Government institutions collected lot of cash revenue through tax collection because of currency demonetisation; and
- (b) if so, the details thereof?

Answer:

Direct Taxes are collected by the authorized banks through various modes including cash, cheque and e-payment/net banking. It is not ascertainable as to what part of the tax revenue collected can be attributed to currency demonetisation.

Further, the payment of Indirect Taxes has not been authorized by cash after demonetization of high value currency notes.

No such data is maintained centrally.

Change of Financial Year:

Question:

- (a) whether the Government is considering to change the financial year from April-March to January-December; and
- (b) if so, the details and the reasons therefor?

Answer:

The Government has constituted a Committee to examine the desirability and feasibility of having a new financial year. The report of the Committee is yet to be submitted.

Demonetisation Without Adequate Preparation:

Question:

- (a) whether the All India Bank Officers' Association said that the decision to implement demonetisation by the Government and the Reserve Bank of India(RBI) was taken without adequate preparation is unjustified;
- (b) if so, the details thereof and the reactions of the Government thereto; and
- (c) the point on which careful consideration were given by the Government before implementation of demonetisation?

Answer:

- (a) No such information is available with the Government.
- (b) Doesn't arise.
- (c) The primary objectives of the cancellation of legal tender character of old high denomination banknotes is to curb terror-financing and to eliminate black money and Fake Indian Currency Notes.

Billionaires and demonetisation:

Question:

- (a) the number of billionaires in the world belonging to Europe, Asia and America;
- (b) the number of billionaires in India;
- (c) whether the gap between rich and the poor is widening as a result of growing number of billionaires in the world and if so, the details thereof;
- (d) whether the demonetization policy is likely to strengthen economic inclusiveness and bridge the gap between the rich and the poor; and
- (e) if so, the details thereof?

Answer:

Government does not maintain information on the wealth of individual tax payers, and hence, any credible information on the number of billionaires in India or any other country is not available with the Government.

The World Bank Report titled "Poverty and Shared Prosperity 2016; Taking on Inequality" mentions that between 2008 and 2013, the number of countries experiencing declining inequality was twice the number exhibiting widening inequality, and that, despite the progress, stark inequalities persist.

The Government has laid considerable emphasis on promoting inclusiveness in growth through measures that, *inter-alia*, include: the landmark initiative of the Government for financial inclusion--Pradhan Mantri Jan Dhan Yojana, initiatives to improve public delivery through plugging leakages in subsidies and other welfare programmes, implementation of various wage and self-employment programmes, multi-pronged skill development programmes and entrepreneurial opportunities through the Stand Up India programme. The increasing formalization of the economy and the impact on curbing unaccounted incomes that cancellation of legal tender character of old Rs. 500 and Rs. 1000 notes can bring about, is expected to release significant resources for the Government to further pursue its inclusive policies and create opportunities for the poor in the medium-term. Further, digital transactions will gain greater currency leading to greater financial inclusion.

Cut in Import Duty:

Question:

- (a) whether the Government has made cut in import duty on many items in the recent months;
- (b) if so, the details thereof;
- (c) whether the said move is aimed at stabilising the prices of these products in the country; and
- (d) if so, the details thereof?

Answer:

After this year's Budget, the Central Government has reduced the import duty on the following essential commodities, *inter alia*, aimed at stabilizing the prices of these commodities in the country, namely:-

- (a) Reduction in import duty on wheat from 25% to 10% with effect from 23.09.2016 for a period upto 28.02.2017 [notification No.51/2016-Customs, dated 23.09.2016] which was subsequently further reduced to Nil with effect from 08.12.2016 without any end date [notification No.60/2016-Customs, dated 08.12.2016].

(b) Reduction in import duty on potatoes from 30% to 10% with effect from 23.09.2016 for a period upto 31.10.2016 [notification No.51/2016-Customs, dated 23.09.2016].

(c) Reduction in import duty on crude palm oil of edible grade from 12.5% to 7.5%, and on refined palm oil of edible grade from 20% to 15% [notification No.51/2016- Customs, dated 23.09.2016].

No Extension of Date for Deposit of old notes:

Question:

(a) whether the Government has ensured printing of Rs.100 and 50 rupees currency notes and making them available in adequate quantity for circulation in view of demonetisation of Rs.500 and Rs.1000 currency notes;

(b) if so, the details thereof;

(c) whether the Government is considering to extend the deadline of 30th December,2016 for exchange, deposit of old currency notes of Rs.500 and Rs.1000; and

(d) if so, the details thereof?

Answer:

Reserve Bank of India monitors the requirement of notes on a regular basis and places the indent on the printing presses accordingly.

At present, there is no proposal to extend the deadline beyond 30th December, 2016 for exchange/deposit of old high denomination bank notes.

No official estimation of the amount of black money:

Question:

(a) whether the Government has made any assessment/estimation of the total amount of black money before/after implementation of the demonetisation in the country and if so, the details thereof;

(b) the number of cases of disclosure of income with various agencies;

(c) the amount of undeclared income involved and the present status of such cases; and

(d) the steps taken by the Government for expeditious disposal of said cases?

Answer:

There is no official estimation of the amount of black money either before or after the Government's decision of 8th November 2016 declaring that bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees shall cease to be legal tender with effect from 9th November 2016.

The searches conducted by the Income Tax Department during the period 01.04.2014 to 30.11.2016, in 1356 groups of assessee led to admission of undisclosed income of Rs.31,277 crore apart from seizure of undisclosed assets worth Rs.2,164 crore. Besides, 14,044 surveys conducted during the same period, resulted in detection of undisclosed income of Rs.30,492 crore. Further, during the period 01.04.2014 to 31.10.2016, the Income Tax Department filed 1544 prosecution complaints before criminal courts, besides compounding of offences in 2323 cases. 75 persons were convicted by trial courts for offences under direct taxes during the same period.

648 disclosures involving undisclosed foreign assets worth Rs.4164 crore, were made in the onetime three months' compliance window closed on 30th September 2015, under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. The amount

collected by way of tax and penalty in such cases was about Rs.2476 crore. Further, under the Income Declaration Scheme, implemented by the Government during June to September 2016,71,726 declarants made declarations of undisclosed income of Rs. 67,382 crore.

Whenever a case of undisclosed income/asset is detected, the Income Tax Department takes necessary action under provisions of direct taxes laws which include investigation, assessment of income, levy of tax, interest & penalty and filing of prosecution complaints before criminal courts, wherever applicable. Other law enforcement agencies such as Enforcement Directorate, Central Bureau of Investigation, etc. also take action under laws administered through them, irrelevant cases, depending upon facts of each case. The Government has taken several steps, both

by way of policy initiatives as well as through more effective enforcement action on the ground, to more effectively tackle the issue of black money. These steps include putting in place robust legislative and administrative frame works, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology.

Until Tomorrow with more **DDT**

Have a nice day.

Mail your comments to vijaywrite@tiol.in