

## **MEASURES TAKEN BY GOVERNMENT TO TACKLE BLACK MONEY**

There is no reliable information about the money of Indians in undisclosed bank accounts outside the jurisdiction of the country. There are various estimations based on various assumptions and presumptions which may not be correct. Further there is a marked difference in the amount of these estimates. During the Budget Speech of 2012, the Finance Minister announced that he proposes to lay on the table of the House a white paper on black money in the current session of the Parliament.

The Government has commissioned a study, inter-alia, on estimation of unaccounted income and wealth both inside and outside the country. The study is being conducted by three Institutes separately namely:

- a) National Institute of Public Finance and Policy (NIPFP);**
- b) National Institute of Financial Management (NIFM); and**
- c) National Council of Applied Economic Research (NCAER).**

Given the complexities inherent in quantification of unaccounted income and wealth both inside and outside the country, it is likely to take some more time for the finalization of these reports.

Memorandum of understanding has been signed between CBDT and each of three institutes on 21.03.2011. The study will be completed within a period of 18 months from the date of MOU. Government has formulated a five pronged strategy to tackle the menace of black money which is as below:

- (i) Joining the global crusade against black money,**
- (ii) Creating an appropriate legislative framework,**
- (iii) Setting up institutions for dealing with Illicit Funds,**
- (iv) Developing systems for implementation (new manpower policy); and**
- (v) Imparting skills to the manpower for effective action (constant training for skill development).**

In line with above strategy, the Government has taken several steps in the last two financial years, the details of which are discussed in the following paragraphs.

### **1. Joining the global crusade against black money:**

**1.1** Black money does not limit itself to the geo-political boundaries. It transcends borders and has become a global problem. The countries across the world have started a concerted global effort and as a part of global efforts against black money, India has played a proactive role in pointing out deficiencies in the assessment of various countries by the Peer Review Group of the Global Forum. Government is also playing an active role in ensuring that these countries remove the deficiencies to bring more transparency.

**1.2** India has joined the Task Force on Financial Integrity and Economic Development in order to bring greater transparency and accountability in the financial system.

**1.3** India has joined as the 34<sup>th</sup> member of Financial Action Task Force (FATF) on 25th June 2010. FATF membership is important as it will help India to build the capacity to fight terrorism and trace terror funds and to successfully investigate and prosecute money laundering and terrorist financing offences.

**1.4** India has joined the Asia Pacific Group (APG) against Money laundering. The 14th annual Plenary of Asia Pacific Group (APG) was held in Kochi from 18-22 July, 2011. More than 320 delegates from 41 jurisdictions, observers and various organizations attended the Plenary which was inaugurated by the Union Finance Minister. India is the co-chair of this forum till July 2012. India has been co-chair of APG Typology Working Group and has been actively contributing to the typology project of APG. India is presently co-leading the joint FATF/APG Typology Project on Gold and Money Laundering & Terror-Funding issues related to its production, refining, marketing & movements. India made 3 presentations at joint FATF/MENAFATF Experts Meeting in Doha from 2<sup>nd</sup> to 4<sup>th</sup> December, 2013. The Break-out Session on the Project was presided by India & Australia. The Directorate of Enforcement was represented at the meeting Chaired by the Additional Secretary (Revenue) on 19.02.2014 where the Directorate had suggested few points on APG matters. Further efforts are underway to make representation of India in APG more effective to defend the interest of the country.

**1.5** India has gained Membership of the Eurasian Group (EAG) in December, 2010. The 17<sup>th</sup> EAG Plenary meeting was held in New Delhi (India) on November 6-9, 2012 which was attended by the heads of nine EAG member states, representatives of the FATF, the World Bank etc. One of the main aims of the event was to discuss the implementation of the revised FATF standards and review mutual evaluation reports.

**1.6** India joined the Egmont Group in May, 2007, with Financial Intelligence Unit-India (FIU-IND) being admitted as a member of the Egmont Group, an international organization for stimulating co-operation among FIUs. The Egmont Group serves as an international network fostering improved communication and interaction among FIUs. The goal of the Egmont Group is to provide a forum for FIUs around the world to improve support to their respective governments in the fight against money laundering, terrorist financing and other financial crimes. Membership of the Egmont Group, apart from meeting an important requirement of the Financial Action Task Force (FATF), will facilitate and enhance exchange of information by FIU-IND with its counterpart FIUs.

**1.7** India is an active member of G 20 and has played a key role both in identifying issues and drafting communiqués. In the G 20 Seoul Summit, November 11-12, 2010, a clause “countries to further enter into Tax Information Exchange Agreements wherever required by the partner country” was incorporated in the communiqué at the instance of India.

## 2. **Creating an appropriate legislative framework:**

The Government has been constantly trying to strengthen the legislative framework to control generation of black money in the country as well as control the flight of such illicit fund to foreign shores.

**2.1** Since 2009, the Government has also approached 46 priority countries/jurisdictions for negotiation of Tax Information Exchange Agreements (TIEAs). At present, TIEAs with 9 jurisdictions viz. Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Isle of Man, Jersey, Guernsey, Liberia and Macau have entered into force. In addition, Four more TIEAs have been signed with Argentina, Bahrain, Gibraltar and Monaco which will enter into force after completion of internal procedures of these countries. **Further details are provided in Annexure-I.**

**2.2** India had entered into Double Taxation Avoidance Agreements (DTAAs) with 78 countries till 2009. Thereafter, new DTAAs have been signed with 10 more countries, viz., Bhutan, Colombia, Estonia, Ethiopia, Georgia, Mexico, Mozambique, Lithuania, Taiwan and Uruguay. Out of these, the DTAAs with 3 countries viz., Colombia, Ethiopia and Uruguay will enter into force after completion of internal procedures in these countries. **Further details are provided in Annexure-II.**

**2.3** There are certain countries or territories outside India which do not effectively exchange information with India as an anti-avoidance measure. The Government has enacted legislation to prescribe a tool box of counter measures against these non-cooperative jurisdictions. For this purpose, section 94A has been inserted into the Income-tax Act through Finance Act, 2011. This section gives an enabling power to the Central Government to notify any country or territory outside India, having regards to lack of effective exchange of information by it with India, as a notified jurisdictional area. Once the country/territory as such is notified as a non-cooperative jurisdiction, transactions with residents of such country/territory are subject to higher withholding, certain disallowances and the transactions are also subject to transfer pricing regulations. Cyprus is one such country which has been notified as 'notified jurisdictional area' under Section 94A of the Income Tax Act 1961 through Notification No. 86/2013 dated 1<sup>st</sup> November, 2013.

**2.4** The Government has proposed the following specific new measures for unearthing black money in the Direct Taxes Code Bill:

**2.4.1** For the purpose of levy of wealth tax, taxable assets have been defined to include deposits in banks located outside India in case of individual, unreported bank deposits in case of others, interest in a foreign trust or any other entity (other than foreign company) and any equity or preferential shares held in a controlled foreign company.

**2.4.2** The General Anti Avoidance Rule (GAAR) has been incorporated to deal with aggressive tax planning devices used to circumvent tax laws.

**2.4.3** Specific Controlled Foreign Company (CFC) rules have been incorporated to bring to tax passive income earned by residents from substantial shareholding in companies situated in low tax jurisdictions.

**2.4.4** A reporting requirement has been introduced making it obligatory on the part of resident assesses to furnish details of their investment and interest in any entity outside India in the form and manner as may be prescribed.

**2.5** According to the Global Financial Integrity Report, major channel for illicit outflow is transfer of funds through mis-pricing which accounts for 77.6% of total illicit outflows. The existing transfer pricing provisions of the government, which were introduced in the year 2001 are not detailed provisions as compared to transfer pricing provisions of developed countries. It was felt that there is need to upgrade these transfer pricing provisions to meet the challenges of growing intangible economy and various complex cost sharing arrangements. As per directions of FM, DGIT (International Taxation) has constituted a committee to look into the issue of revising the transfer pricing provisions. The committee has already submitted its interim report which is under consideration.

**2.6** The Prevention of Money Laundering (Amendment) Act, 2012 (No.2 of 2013) received the assent of the President of India on 3<sup>rd</sup> January, 2013. The provisions of this Act have come into force from 15<sup>th</sup> February, 2013 vide Notification S.O. 343 (E) whereby predicate offences listed in the Schedule of the Act were substantially increased.

### **3. Setting up institutions for dealing with Illicit Funds:**

**3.1** Government has decided to set up Exchange of Information (EoI) Cell for an effective exchange of information to curb tax evasion. Efforts are on to put the cell in place under Foreign Tax Division of CBDT.

**3.2** Government has approved the creation of the Directorate of Income Tax (Criminal Investigation), in the Central Board of Direct Taxes. The DCI will perform functions in respect of criminal matters having any financial implication punishable as an offence under any direct tax law.

**3.3** Government has set up Income tax Overseas Units in two Indian Missions abroad. Eight more such units are being setup in the current Financial Year to strengthen information exchange mechanism. Approval of Appointment of Cabinet Committee has been received for the posting of 7 officers belonging to IRS (IT) at first Secretary level in newly created Income Tax Overseas units, in Indian Mission abroad. The matter is being coordinated with MEA for placing these officers at the disposal of MEA.

**3.4** In order to augment the reach of the Directorate of Enforcement, the Government has approved upgradation of five existing Zonal offices as Regional offices and five existing Sub Zonal offices as Zonal offices. It has also approved creation of a new Zonal office and 16 new Sub zonal offices of Enforcement Directorate across the country.

**3.4.1** The process is underway for upgradation of the existing offices and also setting up of new offices besides, filling up the additional sanctioned posts, in the Directorate of Enforcement. New sub-zonal offices have come into existence at Dehradun, Raipur & Ranchi.

**3.4.2** As part of strengthening the cadre strength of the Directorate of Enforcement, Government is continuously making recruitment.

Whereas, the working strength of the Directorate as on 01.07.2011 was 574, it has increased to 694, as on 28.03.2014 (**details at Annexure-III**). Thus, there has been a net increase of 120 officers/staff in the Directorate.

**3.4.3** On 27.09.2011 & 14.12.2012, Circular Orders have been issued regarding territorial jurisdiction of various Regional/Zonal/Sub-Zonal offices.

#### **4. Developing systems for implementation:**

**4.1** Government has doubled the strength of Foreign Tax Division, which deals with the work of exchange of information.

**4.2** The Directorate of International Taxation and Transfer Pricing in the Income Tax Department has also been strengthened as major part of the flow of illicit money outside of India takes place through mis-pricing of international transaction.

#### **5. Imparting skills to the manpower for effective action:**

**5.1** As a part of capacity building and skill development, 51 senior Officers were sent abroad for specialized training in the field of International Taxation and Transfer Pricing in F.Y. 2010-2011.

**5.2** Since skill up gradation in international tax and transfer pricing require substantial time and resource, a posting policy has been approved which provides that officers may be posted in the Directorate for the period not less than five years.

**5.3** A delegation of 8 IRS Officers led by the Member (Investigation), CBDT visited USA to have discussions with the US IRS-CI and other law enforcement agencies with the objective to enable the investigators to appreciate the multiple nuances of law enforcement from a Criminal Investigation perspective at the structural level and at the functional plane. The interaction will enable the Income Tax Department to get a comprehensive exposure to the critical issues in the field of Direct tax law enforcement which inter alia include the following:

- (i)** Legal Framework under which IRS-IC functions and the efficacy of the laws with regard to prosecution of tax offenders, prosecution of offenders involved in economic crimes which are subversive or against national security;
- (ii)** Inter-agency linkages of the IRS-IC with the FBI, Dept. of Treasury and other relevant departments/organizations; and,
- (iii)** Interaction of IRS-IC with other law Enforcement Agencies (LEA).

**6.** In order to examine certain suggestions on Income tax demand classified under the categories “Assesses not traceable” and “No assets/inadequate assets for Recovery”, a committee has been constituted by the Central Board of Direct Taxes (CBDT).

The terms and conditions of the committee will be as follows:-

- (i)** To suggest modalities for utilization of the information available with FIU-IND and the Directorate of Income Tax (Systems) for the recovery of outstanding demand in such cases.
- (ii)** To examine the possibilities of engaging the outside agencies to locate the whereabouts of non-traceable assesses of their assets and also

unknown/undisclosed assets owned by the assesses with inadequate assets vis-à-vis the outstanding demand.

- (iii) To process a reward scheme for informants who supply information about such tax defaulters and which results into collection of the outstanding demand.
- (iv) To propose a scheme regulating such outsourcing to outside agencies for its administration by the field formation.
- (v) To examine the feasibility and methodology of putting the names of chronic tax defaulters in public domain.

The committee shall submit its report within two months of its constitution.

7. As per the direction of the Apex Court a High Level Committee under the chairmanship of Revenue Secretary has been constituted to coordinate multidisciplinary probe in important cases like Hassan Ali by various enforcement agencies. As of now the case of Hassan Ali and cases of persons having account in LGT bank have been discussed by the committee for coordination of investigation/prosecution by Law Enforcement Agencies. The information in respect of cases against Hassan Ali and persons having accounts in LGT Bank is being shared by the Directorate of Enforcement with other Law Enforcement Agencies during meetings of the High Level Committee.

7.1 The Hon'ble Supreme Court of India has passed an order dated 04.07.2011 in the Ram Jethmalani & Other vs. Union of India [Writ Petition (Civil) No. 176 of 2009]. In the instant case, the Hon'ble Supreme Court has ordered creation of a Special Investigation Team (SIT) with the responsibilities and duties of investigation, initiation of proceedings and prosecution, whether in the context of appropriate criminal or civil proceedings, relating to cases involving stashing of unaccounted money in foreign banks by Indians or other entities operating in India as well as the cases relating to Hassan Ali Khan group.

The Hon'ble Supreme Court, vide paragraph 49 of the order dated 4<sup>th</sup> July, 2011, in Writ Petition (C) No. 176 of 2009, has directed that the High Level Committee constituted by the Union of India be forthwith appointed with immediate effect as Special Investigation Team (SIT) and SIT so constituted shall include, Director, Research and Analysis Wing. It has been also directed by Hon'ble Supreme Court that the SIT be headed by and include the following former eminent judges of the Supreme Court:

- (i) Hon'ble Mr. Justice B.P. Jeevan Reddy as Chairman; and
- (ii) Hon'ble Mr. Justice M.B. Shah as Vice-chairman.

The Government has filed an application in the Hon'ble Supreme Court for modification of the order dated 04.07.2011 and for setting aside the directions given in paragraphs 49 and 50 regarding the setting up of SIT and the consequential orders in relation to this. Arguments were held on the maintainability of the application filed by the Union of India before the Hon'ble Supreme Court. Order in the main Writ Petition No. WP (C) 176/2009 (Ram Jethmalani & others Vs. Union of India & Others) on maintainability of recall application of the Union of India has been pronounced on 23.09.2011. The Bench comprising of Hon'ble Justice Mr. Altamaz Kabir and Hon'ble Justice Mr. S.S. Nijar pronounced

differing judgments, and hence referred the matter to the Hon'ble Chief Justice of India for constituting a larger Bench to hear the matter.

**8.** Efforts made to obtain information about illicit money of Indian Citizen parked outside. The Government is pursuing all the relevant leads in this regard. Information about Indian citizens having bank accounts in LGT Bank from Germany has already been collected. Similar issues with other countries are also being pursued. In addition, information is requested from various countries in specific cases where the information is needed for investigation/assessment. A series of measures through amendments in the Income-tax Act, 1961, were also proposed to deter the generation and use of unaccounted money, including,

- (i) Introduction of compulsory reporting requirement in case of assets held abroad.
- (ii) Allowing for reopening of assessment upto 16 years in relation to assets held abroad.
- (iii) Tax collection at source on purchase in cash of bullion or jewellery in excess of Rs. 2 lakh.
- (iv) Tax deduction at source on transfer of immovable property (other than agricultural land) above a specified threshold.
- (v) Tax collection at source on trading in coal, lignite and iron ore.
- (vi) Increasing the onus of proof on closely held companies for funds received from shareholders as well as taxing share premium in excess of fair market value.
- (vii) Taxation of unexplained money, credits, investments, expenditures etc., at the highest rate of 30 per cent irrespective of the slab of income.

**9.** Due to the five pronged strategy and other efforts made by the government in last two financial years, we have achieved substantial success both in getting information of illicit money parked outside the country and in stopping transfer of illicit money outside the country the results are as detailed below:-

**9.1** In last 24 months Income Tax Department have collected 7704 discrete items of information from treaty countries containing details of payments received by Indian Citizen in various countries besides information of LGT Bank Accounts. This information is in various stages of processing and investigation.

**9.2** Consequent to filing of prosecution complaints filed by CBDT in the matter of holding of Accounts in LGT Bank, the Directorate of Enforcement has also taken necessary action under FEMA, 1999 in 17 such cases. Investigation in these cases is being conducted at Delhi, Kolkata, Mumbai & Chennai.

**9.2.1** Out of the 17 cases referred to the Directorate by the CBDT, statements of the concerned persons in most of these cases have been recorded. All of them have denied about maintaining/operating the said accounts. Therefore, further information/documents have been called for by the Directorate from the Income Tax Department who has conveyed their inability, in view of the specific clauses in the Treaties entered into with these Countries, which do not permit sharing of the

information by CBDT for any purpose other than that under the Direct Taxation Regime. Efforts have been made by the Directorate of Enforcement for obtaining information/material from the concerned court where prosecution complaints have been filed by the Income Tax Department but only limited documents which are available in the court, could so far be obtained.

**9.2.2** Out of the aforesaid 17 LGT Bank Accounts cases, in one case Show Cause Notice under FEMA, 1999 has been issued covering contraventions to the extent of Rs. 2.26 Crore. In 02 cases, the concerned individuals have claimed that they have been NRIs/Foreign Nationals for the past many years. Investigations in these cases are still continuing.

**9.3** The Government has made more than 175 requests to our treaty partners in case of specific taxpayers in the last Financial Year.

**9.4** Government's sharp focus on mis-pricing, which is one of the main and new method of transfer of illicit funds outside the country has resulted in detection of mis-pricing of Rs.33,784 crore in the last two financial years as against detection of trade mis-pricing of Rs.14,655 crore in last five Financial Years.

**9.5** Special attention on cross border transactions and business deals has resulted in collection of taxes of Rs 22,697 crore in the last financial year. CBDT has also raised demand of Rs.11,218 crore in case of Vodafone involving a cross-border deal with a tax haven country out of which tax of Rs.2500 crore has been collected.

**9.6** The government has also conducted focused searches to detect unaccounted income. **(details at Annexure-IV)**

**9.6.1** The income tax Department has, based on information in its possession, identified persons likely to be having taxable income but have not filed returns in spite of having PAN. Letters have been issued to 1,05,000 persons who have undertaken high-value financial transactions but have not filed their returns of Income for A.Y. 2010-11 and A.Y. 2011-12.

**9.6.2** On the basis of the information collected from VAT/Sales Tax Department of Maharashtra, the Income Tax Department noticed that a large number of tax payers have obtained bogus/non-genuine bills for purchases/expenses from a few Hawala Dealers and used such bills to suppress their taxable income. Investigations conducted by the Income Tax Department in recent months in about 150 cases in Mumbai and 39 cases in Pune have led to further detection of such bogus bills of about Rs. 6,500 crores and Rs. 722 crores respectively. Further, necessary action in these cases is being taken as per law. Investigations are continuing in respect of other persons who availed similar non-genuine bills.

**9.7** Based on the information received from German Tax Office tax assessment has been completed in the case of 18 individuals. Penalty notices u/s 271(1)(c) of Income tax Act,1961 for concealment of income have been issued in these cases. Prosecutions for tax evasion have been launched in 17 cases (1 person is deceased). CBI and ED have been provided information to carry out further investigation.



**9.8** Directorate of Enforcement initiated investigation in the Hassan Ali Khan case under FEMA/PMLA, upon receipt of information from the Income Tax Department. LRs and supplementary LRs have been sent to various foreign jurisdictions including Switzerland, Singapore, UAE, UK, USA, Hongkong and Luxemburg. Part replies have received from some of these countries.

On the basis of investigation conducted so far, Show Cause Notices have been issued to Shri Hassan Ali Khan & others for contravention of various provisions of FEMA, 1999. However, the Adjudication proceedings in respect of Show Cause Notices have been kept in abeyance in view of an assurance given to the Hon'ble Supreme Court during the course of hearing in Writ Petition (c) No. 176 of 2009.

**9.9** The Directorate also conducted searches at various premises of Shri Hassan Ali Khan, Kashinath Tapuriah, Phili Anandraj and others on 07.03.2011. Shri Hassan Ali Khan and Kashinath Tapuriah were arrested by the Directorate under PMLA on 07.03.2011 and on the intervention of the Hon'ble Supreme Court, they were initially remanded to the custody of the Directorate of Enforcement. They were later remanded to judicial custody.

**9.10** On 16.08.2011, the Supreme Court stayed the High Court Order granting bail to Shri Hasan Ali Khan and later the bail was cancelled vide Order dated 30.09.2011. All his subsequent petitions for bail have been rejected. One of his bail applications is pending in Hon'ble High Court of Bombay. Moreover, the Attorney General appearing for the Government of India has recused and in his place Additional solicitor General will appear for future hearings.

Shri Kashinath Tapuriah moved an application in Hon'ble Bombay High Court praying for bail on medical grounds which Hon'ble Court, after hearing both sides, vide order dated 25.10.2013 granted to Shri Kashinath Tapuriah mainly on the grounds of his sickness.

Enforcement Directorate had filed a PMLA Case No. 2 of 2011 in ECIR/02/MZO/2007 against Smt. Rheema Hassan Ali Khan w/o Shri Hassan Ali Khan on 9<sup>th</sup> June, 2011 before the Special Judge (PMLA), Mumbai, for non-appearance under Section 63 of the PMLA, 2002 read with Section 174 of IPC, 1860. The High Court vide order dated 18.07.2012 in Cr. WP No. 23/2012 directed that the said Complaint be returned to Directorate of Enforcement in order to present it before the appropriate Court. Accordingly, the Hon'ble Special Judge (PMLA), Mumbai was pleased to order on 16.08.2012 that the PMLA Spl. Case No. 2/2011 be returned to Directorate of Enforcement. In compliance to the High Court's order, the said Complaint was filed before the Chief Metropolitan Magistrate, Esplanade, Mumbai on 27.06.2013.

IA No. 8 in Writ Petition (Civil) No. 176 of 2009 regarding Black Money has been dismissed by the Hon'ble Supreme Court on 26.03.2014. IA No. 9 in the said Writ Petition will come up for hearing on 22.04.2014.

**9.11** Two Provisional Attachment Orders (PAO) have been issued in this case under PMLA on 30.06.2011:

- (i) Pertaining to Shri Hassan Ali Khan and Smt. Rheema Ali Khan in respect of their movable and immovable properties worth Rs. 16.30 Crore.
- (ii) Pertaining to Shri Kashinath Tapuriah, Shri Vijay Kumar Mundhra and M/s R.M. Investments & Trading Co. Pvt. Ltd. in respect of immovable properties worth Rs. 27 Crore.
- (iii) Both the above mentioned Provisional Attachment Orders were confirmed by the Adjudicating Authority. Order passed against Shri Hassan Ali Khan/Smt. Rheema Ali Khan' properties was challenged in the Appellate Tribunal under PMLA and High Court. The High Court passed an interim Order on 09.02.2012 against their eviction from the property. Juridical possession of their property was taken on 14.02.2012. Their appeal in the matter was dismissed by Bombay High Court on 30.01.2013 with the direction that they should approach the Tribunal. The interim Order against eviction would continue till then.
- (iv) Prosecution complaint under PMLA, 2002, for offence of money laundering was filed against Shri Hassan Ali Khan and Kashinath Tapuriah in the Designated Court at Mumbai on 06.05.2011. Though cognizance of the offence has been taken by the Hon'ble Court, trial is yet to begin.

**9.12** FIRs have been registered by Police authorities at Mumbai, Hyderabad, Pune & Patna against Shri Hassan Ali Khan for fraudulently obtaining of Passports. While, Mumbai Police has already filed a Charge Sheet in the matter on 18.01.2012, criminal investigations are still under way, at other places. Besides, FIR dated 01.05.2011 for involvement in theft of antiques/jewels/valuables pertaining to Nizam/Salarjung Museum of Hyderabad has also been registered by Andhra Pradesh Police.

**10.** Announcement in the in the Budget Speech, 2012 of Hon'ble FM. In the Budget speech, the results of proactive steps taken to implement the five pronged strategy outlined during the last year's Budget, to tackle the malaise of generation and circulation of black money and its illegitimate transfer outside India, were announced including creation of a wide network of DTAAAs and TIEAs, flowing of information regarding bank accounts and assets held by Indian abroad, functioning of dedicated exchange of information cell in the CBDT for speedy exchange of tax information with treaty countries, India becoming 33rd signatory of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters and establishment of a Directorate of Criminal Investigation in the CBDT.

**10.1** The Finance Minister has laid on the table of the House on 21.05.2012, a white paper on Black Money.

## **Annexure-I**

Negotiation and Signing of Tax Information Exchange Agreements (TIEA) with no tax or low tax jurisdictions :

We had approached 22 prioritized countries/jurisdictions during 2009 and 25 new countries/jurisdictions during 2012 to enter into TIEA, the lists of which are furnished hereunder :

**Countries communicated with during 2009 (22 Nos.):** Argentina, Bahrain, Bermuda, Bahamas, British Virgin Islands, Cayman Islands, Congo, Costa Rica, Gibraltar, Guernsey, Isle of Man, Jersey, Liberia, Liechtenstein, Macau, Maldives, Marshall Islands, Monaco, Netherland Antilles, Panama, Saint Kitts & Nevis, Seychelles.

**Countries communicated with during 2012 (25 Nos.):** Andorra, Anguilla, Antigua and Barbuda, Aruba, Barbados, Belize, Brunei Darussalam, Cook Islands, Curacao, Dominica, Dominican Republic, Faroe Islands, Greenland, Grenada, Honduras, Jamaica, Montserrat, Peru, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Sint Maarten, Turks and Caicos and Vanuatu.

**The current status of negotiations with these countries is as follows :**

**Negotiation completed (20 Nos.) :** Argentina, Bahamas, Bahrain, Belize, Bermuda, British Virgin Islands, Cayman Islands, Congo, Costa Rica, Gibraltar, Guernsey, Isle of Man, Jersey, Liberia, Macau, Marshall Islands, Monaco, Saint Kitts & Nevis, San Marino and Sint Marteen.

**TIEA Signed (14 Nos.) :** Argentina, Bahamas, Bahrain, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Liberia, Macau, Monaco & Liechtenstein.

**Entered into force (14 Nos.) :** Argentina, Bahamas, Bahrain, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Liechtenstein, Liberia, Macau, & Monaco.

### **Broadening of scope of Article concerning Exchange of Information with DTAA countries:**

There were a total of 78 DTAA's in force in 2009. Out of these 78 countries, 3 countries viz., Iceland, Myanmar and Tajikistan were already having provision for exchange of banking information. Hence, the subject issue was taken up with 75 countries. Apart from these 75 countries, negotiations for new DTAA's with 20 countries have also been completed since 2009. The lists of these countries are as under :

**Countries with whom DTAA's were in force in 2009 (75 Nos.) :** Armenia, Australia, Austria, Bangladesh, Belarus, Belgium, Botswana, Brazil, Bulgaria, Canada, China, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hungary, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Kenya, Korea, Kuwait, Kyrgyz Republic, Libya, Luxembourg, Malaysia, Malta, Mauritius, Mongolia, Montenegro, Morocco, Namibia, Nepal, Netherlands, New Zealand, Norway, Oman, Philippines, Poland, Portuguese Republic, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sudan, Sweden, Swiss Confederation, Syria, Tanzania, Thailand, Trinidad and Tobago, Turkey, Turkmenistan, UAE, Uganda, UK, Ukraine, USA, Uzbekistan, Vietnam and Zambia.

**Countries with whom negotiations for new DTAA's have been completed (20 Nos.) :** Albania, Bhutan, Chile, Croatia, Colombia, Estonia, Ethiopia, Fiji, Georgia, Hong Kong, Iran, Latvia, Lithuania, Macedonia, Mexico, Mozambique, Senegal, Taiwan, Uruguay and Venezuela.

The current status of negotiations with these countries is as under :

### **Revision of Old DTAA's :**

**Negotiations completed (31 Nos.) :** Armenia, Australia, Bangladesh, Belarus, Brazil, Denmark, Finland, France, Indonesia, Kenya, Luxembourg, Malaysia, Malta, Morocco, Nepal, Netherlands, Norway, Poland, Romania, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Tanzania, Thailand, UAE, UK, Uzbekistan and Zambia.

**Approval of Cabinet Obtained (28 Nos.) :** Armenia, Australia, Bangladesh, Belarus, Denmark, Finland, France, Indonesia, Luxembourg, Macedonia, Malaysia, Malta, Morocco, Nepal, Netherlands, Norway, Poland, Romania, Singapore, Spain, Sri Lanka, Sweden, Switzerland, Tanzania, Thailand, UAE, U.K. & Uzbekistan.

**DTAA's Signed (25 Nos.) :** Australia, Bangladesh, Brazil, Denmark, Finland, Indonesia, Luxembourg, Malaysia, Malta, Morocco, Nepal, Netherlands, Norway, Poland, Romania, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Tanzania, UAE, U.K. & Uzbekistan,

**DTAA's Entered into force (11 Nos.) :** Bangladesh, Finland, Luxembourg, Malaysia, Nepal, Netherlands, Norway, Singapore, Switzerland, Tanzania & U.A.E.

## **New DTAA's :**

**DTAA's Signed (14 Nos.) :** Albania, Bhutan, Colombia, Croatia, Estonia, Ethiopia, Georgia, Latvia, Macedonia, Mexico, Mozambique, Lithuania, Taiwan and Uruguay.

**DTAA's entered into force (10 Nos.) :** Albania, Estonia, Ethiopia, Georgia, Latvia, Lithuania, Mexico, Mozambique, Taiwan & Uruguay.

**Negotiations underway (18 Nos.) :** Austria, Cuba, Cyprus, Czech Republic, Egypt, Germany, Korea, Kuwait, Mauritius, New Zealand, Oman, Portugal, Qatar, Saudi Arabia, Serbia, Slovak Republic, Slovenia and Turkey.

**Negotiations under consideration (8 Nos.) :** Belgium, China, Ireland, Italy, Jordan, Kazakhstan, Syria and Turkmenistan.

**Countries which have sought revision of other Articles or full DTAA (6 Nos.) :** Bulgaria, Canada, Japan, Mongolia, Russia and USA.

**Response awaited (12 Nos.) :** Botswana, Greece, Hungary, Kyrgyz Republic, Libya, Montenegro, Philippines, Sudan, Trinidad and Tobago, Uganda, Ukraine, and Vietnam.

### ANNEXURE-III

The increase in strength of organization (Post wise since July, 2011) is as under:-

<b>Name of the Post</b>	<b>Working Strength as on 01.07.2011</b>	<b>Working Strength as on 28.03.2014</b>
Special Director Enforcement	03	05
Additional Director Enforcement	01	02
Additional Director (Prosecution)	00	01
Deputy Legal Advisor	01	01
Assistant Legal Advisor	07	08
Joint Director	12	14
Deputy Director	17	17
Assistant Director	27	78
Assistant Director (OL)	01	01
Enforcement Officer	92	116
Assistant Enforcement Officer	75	149
Ministerial	163	158
Sr. Hindi Translator	05	05
Group-C (others)	158	129
System Analyst/Scientific Tech. Asstt.	12	10
<b>Total</b>	<b>574</b>	<b>694</b>

**ANNEXURE-IV****SURVEY STATISTICS**

<b>Financial Year</b>	<b>No. of Surveys Conducted</b>	<b>Undisclosed Income Detected (In Rupee Crore)</b>
2009-10	4680	4857.1
2010-11	3911	5894.44
2011-12	3706	6572.75
2012-13 [upto December 2012]	2603	8254.41

**\*Figures are provisional**

**SEARCH & SEIZURE STATISTICS**

<b>Financial Year</b>	<b>No. of Warrants</b>	<b>Value of Assets Seized (In Rs. Crore)</b>				<b>Undisclosed Income Admitted* (In Rs. Crore)</b>
		<b>Cash</b>	<b>Jewellery</b>	<b>Other Assets</b>	<b>Total</b>	
2009-10	3454	300.97	132.2	530.33	963.5	8101.35
2010-11	4852	440.28	184.15	150.55	774.98	10,649.16
2011-12	5260	499.9	271.39	134.3	905.6	14017
2012-13 [upto December 2012]	2814	276.23	134.34	42.96	453.53	6798.93

**\*Figures are provisional**

**PROSECUTION STATISTICS**

<b>Year</b>	<b>Complaints Filed</b>	<b>Cases Decided</b>	<b>Cases Compounded</b>	<b>Cases Convicted</b>	<b>Successful Cases</b>	<b>Success Rate</b>
2009-10	312	599	291	32	323	53.9
2010-11	244	356	83	51	134	37.6
2011-12	197	593	397	14	411	69.3
<b>Total</b>	<b>753</b>	<b>1548</b>	<b>771</b>	<b>97</b>	<b>868</b>	<b>56.1</b>