

Income tax department doubting authenticity of Swiss Bank account holders list

After serving notices and conducting raids, the income-tax department is having second thoughts on the authenticity of the list of Swiss bank account holders it obtained from the French government three months ago.

Tax authorities, investigating the 700 unreported account holders with HSBC Geneva, are planning to go back to the French government to verify the list which was compiled out of stolen data. It will seek the French Government's permission for approaching the Swiss government.

Tax officials claim that they are not in a position to approach the Swiss authorities directly due to a provision in the treaty between India and France that stipulates information exchanged would not be shared with any agency other than the tax department.

The I-T authorities are in an unenviable position with most of the individuals in the list denying having any account with HSBC Geneva. So, it is desperate to cross-check the information with Swiss authorities. Its immediate plan is to obtain the French government's approval as soon as possible, for dealing with the Swiss government directly. Most of those named in the list are hoping that the income-tax authorities will not be able to prove its point in any court of law as the list was based on data stolen in 2008 by a former HSBC employee.

The French government had procured the data from an ex-employee of HSBC by offering him a new identity and asylum. The evidential value of data stolen from a foreign bank is almost nil unless the agency that produces it before the court has supporting evidence such as certification by the Swiss authorities or the bank itself.

Even if the French authorities allow the Indian tax department to approach the Swiss authorities directly, the department is not certain whether it can persuade the Swiss banks to cooperate.

More so, because of the revised Indo-Swiss tax treaty that will come into effect from April 1, 2012. Under the revised treaty, Swiss banks have to share information about accounts that are in operation. So far 17 individuals (out of the 700) have disclosed their account details with the Mumbai tax office.

This was possible through revised returns, an exercise allowed under the Income-Tax Act if the taxpayer thinks there was a mistake in the original return. However, returns

are allowed to be revised within one year of filing the original return.

The amount disclosed ranges from Rs 50-300 crore. It is also learnt that there is a disclosure of Rs 300 crore at the Chennai income-tax office by a member of a leading business family who was the beneficiary of a trust set up by the patriarch of the family.

(Economic Times)