

Panel rejects disclosure scheme, new Act to check black money

A government panel on Friday ruled out voluntary disclosure of income scheme (VDIS), framing a new Act and capital punishment as measures to deal with the issue of black money stashed abroad. The committee merely considered strengthening the administrative machinery and better sharing of intelligence as tools to deal with the menace.

The panel, headed by Central Board of Direct Taxes (CBDT) Chairman M M Joshi, discussed whether a new law was required to curb black money, but observed existing laws were enough to deal with economic offences and there was a need to strengthen them.

“VDIS was on agenda, but the committee is not likely to recommend it... The issue is to implement the laws properly. There should be quick trial,” said a finance ministry official, adding review of existing laws could be considered instead of coming up with a new law.

CBDT was considering an offshore voluntary compliance scheme, as India Inc in a meeting with Finance Minister Pranab Mukherjee last month had suggested repatriation of undisclosed income would make available funds for investment in India’s growth.

The law ministry has completely ruled out capital punishment for economic offences, as suggested by yoga guru Ramdev, saying this would be a retrograde step. The ministry’s stance was backed by other government departments, including the finance ministry.

“Strengthening of administrative machinery is required. Information exchange mechanism should be improved... We need more manpower. Additional resources can help handle the problem,” said the official, summing up the observations made by the committee.

Among other measures to tackle the issue of undisclosed assets abroad, the committee considered making provisions for reopening assessment cases beyond past six years.

It also felt there was a need to better regulate the real estate sector, considered one of the largest contributors to black money. The panel, which met for the fourth time on Friday, is also not in favour of declaring undisclosed money kept abroad as national asset as it was outside its jurisdiction, and even if brought back to India “private money cannot be declared national asset unless it is proved that it is proceed of crime”.

Under pressure from Ramdev, the Opposition and the Supreme Court for not taking adequate steps to handle the black money issue, the high-level committee was constituted by Finance Minister Pranab Mukherjee in May. The panel was given the task of examining the existing legal and administrative framework to deal with generation of black money through illegal means.

This includes declaring wealth generated illegally as national asset, enacting or amending laws to confiscate and recover such assets, and providing for exemplary punishment against its perpetrators.

The committee will submit its report within six months. It includes Member (Legal & Computerisation), CBDT; Director, Enforcement Directorate; Director General, Directorate of Revenue Intelligence; Director General (Currency); Joint Secretary (Foreign Tax and Tax Research), CBDT; and Joint Secretary, Financial Intelligence Unit -India as members.

(Business Standard)