

## **Taxmen to dissect 60 cases in foreign assets disclosure window**

Tax authorities find mismatch in declarations made under last year's black money foreign disclosure window and assets owned outside India.

The income tax (I-T) department is scrutinising the declarations of 60 individuals, who, it believes, had made partial disclosure under the black money compliance window last year. These persons might face prosecution, which could result in forfeiture of assets under Income Tax Act.

The I-T department found huge mismatch between the declarations and the assets owned by them outside India.

Last year, a total Rs 4,417 crore was declared by 638 individuals under the Black Money (Undisclosed Foreign Income and Asset) and Imposition of Tax Act, 2015, which promised immunity by paying 30 per cent tax and another 30 per cent as penalty. The black money Act had, for the first time, allowed levy of tax in India on assets kept abroad. Tax sleuths are believed to have obtained data about these foreign accounts from various tax havens and have tallied it with disclosures made by the declarants.

The I-T law allows tax authorities to go back 16 years in the case of illicit foreign wealth. The government had recently signed information-sharing pacts with 90 countries, covering automatic exchange of information helping the taxmen to collate more data. For those caught with undeclared overseas assets, the black money law provides for imprisonment, which could be up to 10 years. Plus, the violator will have to pay 30 per cent tax and a penalty of 90 per cent, effectively losing all of the undeclared wealth and more, if caught.

“One critical aspect of the disclosure window last year under the black money Act was that if there was suppression or misrepresentation of facts, such declaration would be treated as ‘void’ and negative consequences would follow including prosecution and non-refund of the 60 per cent tax paid. If in a declaration, a person reported only partial undisclosed foreign assets/foreign income, ‘prosecution’ can be launched under the law. In one of the FAQs (frequently asked questions) issued on July 6, 2015, it was clarified by the government that if only a partial disclosure is made, immunity will not be available for the undisclosed assets,” said Sanjay Sanghvi, partner, Khaitan & Co.

The issue of black money, especially alleged stashing of illicit wealth abroad in places such as Mauritius, Cayman Islands and British Virgin Island, has been a matter of political debate for a long time. An unofficial estimate puts the illegal money of Indians stashed away overseas somewhere between \$466 billion and \$1.4 trillion.

*(Business Standard)*