

interest in all accounts with the banks on regular basis, whether the account is operative or not. If a Fixed Deposit Receipt (FDR) matures and proceeds are unpaid, the amount left unclaimed with the bank will also attract saving bank rate of interest.

(c) In accordance with the prevailing banking practices, banks do not segregate the deposit accounts maintained by them on the basis of religion. However, as on 31.12.2010, the total unclaimed deposits with all the scheduled commercial banks amounted to Rs. 1,723.24 crore in 1,03,45,857 accounts.

Measures to unearth huge accumulation of black money

1591. SHRIMATI BRINDA KARAT: Will the Minister of FINANCE be pleased to state:

(a) the effective measures taken by Government to unearth huge accumulation; and of black money in the economy including the huge unaccounted money in tax havens abroad;

(b) the details of provisions made by Government to bring back the illicit flows from India; and

(c) Government estimates about the extent of illicit money flows out of India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) The Income Tax Department takes several punitive and deterrent steps to unearth unaccounted money and curb tax evasion. These include scrutiny of tax returns; surveys, search and seizure actions; imposition of penalty and launching of prosecution in appropriate cases. Information Technology has also been used in a big way in collection, collation and dissemination of taxpayer information. Tax Information Network (TIN) has been set up as a depository of important tax related information which can be accessed by the Department. The basic components of TIN are information relating to Tax Deduction at Source (TDS), payment of taxes and high value transactions reported in Annual Information Returns (AIR). The Department has set up an Integrated Taxpayer Data Management System (ITDMS) to electronically collate information collected from various sources i.e Tax Deduction at Source, Electronic Filing of Return, Annual Information Returns, Central Information Branches (CIB) etc, to create 360 degrees profile of high net-worth assesses. Information received from Financial Intelligence Unit under the Department of Revenue regarding

suspicious transactions from various banks and financial institutions are also investigated by the Income Tax Department. Further, the Department has implemented Computer Assisted Selection of Scrutiny (CASS) wherein returns are selected for scrutiny on the basis of comparison of the information gathered from various sources with the information available and declarations made by the assessee in the return of income. As regards unearthing of unaccounted money and wealth outside the country, all information regarding receipts from or deposits outside the country are verified and action taken to bring undisclosed taxable amounts to taxation. Besides, the Department is having two specialized wings under the administrative control of the Director General of Income Tax (International Taxation). The International Tax Division investigates and assesses the cases of foreign companies, expatriates, non-residents and other such entities. The Transfer Pricing Division examines the international transactions between associated enterprises having regard to arm's length price in accordance with the provisions of Chapter X of the Income Tax Act, 1961. Appropriate action under the provisions of Direct Tax Laws is taken in cases where tax evasion is detected.

To get back the black money to the country, a five pronged strategy has been formulated by the Government which is summarized as under:

- a. Joining the global crusade against 'black money';
- b. Creating an appropriate legislative framework;
- c. Setting up institutions for dealing with illicit funds;
- d. Developing systems for implementation; and
- e. Imparting skills to the manpower for effective action.

(b) In the Finance Act 2011, new provisions have been introduced which allow extra time for completion of assessment where reference has been made to another country requesting information (amendment to section 153B).

Consequent to G 20 declaration to formulate a toolbox of countermeasures against non cooperative jurisdictions, India has enacted section 94A in the Finance Act 2011 under which a country/jurisdiction can be notified under this section for non effective exchange of information. Upon notification any transaction entered into by an assessee with any person located in the notified country/jurisdiction will be subjected to higher tax compliance burden as well as higher withholding tax. In the Direct Tax Code Bill 2010 (DTCB), pending before the Parliament, the following legislative

provisions have been introduced to deal with the issue of undisclosed assets held by Indian entities / residents outside India:

(a) For the purpose of levy of Wealth Tax, taxable assets would include deposits in banks located outside India in case of individuals; 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. These steps would ensure proper reporting of assets held abroad by Indian tax payers.

(b) As a commitment to G-20 decision on developing tool box of countermeasures against non-cooperative jurisdictions, it is provided in DTC that the Transfer Pricing regulations can be extended to enforce such regulation on unrelated party if such an entity is located in a specified territory like a no-tax or low-tax jurisdiction.

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

(d) A reporting requirement has been introduced making it obligatory on part of all resident persons to furnish details of their investments and interest in any entity outside India in the prescribed form and manner.

(e) Specific Controlled Foreign Company (CFC) Rules have been incorporated to bring to tax income earned in controlled companies in low tax jurisdictions.

(c) There is no reliable estimate about the extent of illicit money flows out of India. The Government has commissioned a study to estimate the quantum of unaccounted income/wealth inside and outside the country and its ramifications on national security on the basis of the recommendations of the Standing Committee on Finance. The study will be conducted separately by three national-level institutes namely, National Institute of Public Finance and Policy (NIPFP), National Institute of Financial Management (NIFM) and the National Council for Applied Economic Research (NCAER). Memorandums of Understanding (MoUs) have been signed with the Institutes on 21.03.2011. The study is expected to be completed in a period of 18 months.

Distinction of DCI from existing investigation wings

1592. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state: