

Global declaration for automatic exchange of tax information

3604. SHRI A.W. RABI BERNARD: Will the Minister of FINANCE be pleased to state:

(a) whether India and several other countries have adopted a global declaration for automatic exchange of tax information to effectively tackle tax evasion;

(b) if so, the details thereof;

(c) whether India will continue to put pressure on Switzerland to share information on alleged illegal funds stashed away by its citizens in Swiss Banks in line with this declaration; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) Yes, Sir.

(b) Forty-four countries, including India, (the “Early Adopter Group”) issued a joint statement on 19th March, 2014 committing themselves for early adoption of the Common Reporting Standard on Automatic Exchange of Information (the new standard is available at <http://www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-financial-account-information-common-reporting-standard.pdf>). This statement was issued as the signatories recognize that tax evasion is a global problem requiring global solution and the new global standard on automatic exchange of information between tax authorities will provide a step change in their ability to clamp down on tax evasion, which reduces public revenues and increases the burden on those who pay their taxes.

India alongwith 46 other countries and European Union have also adopted a Declaration on Automatic Exchange of Information on 6th May, 2014. A copy of the Declaration is available at <http://www.oecd.org/mcm/MCM-2014-Declaration-Tax.pdf>.

(c) and (d) The Finance Minister has written a letter to the Swiss Finance Minister on August, 2014, inviting Switzerland to join the “Early Adopter Group” to the new global standards. A request has also been made to Switzerland for entering into a Competent Authority Agreement on Automatic Exchange of Information as per the new global standards to enhance further cooperation between India and Switzerland in tax matters.

Provision of IT rebate on interest paid on home loan.

3605. SHRIMATI GUNDU SUDHARANI :

SHRI T.K. RANGARAJAN :

Will the Minister of FINANCE be pleased to state:

(a) whether Income Tax Act provision under which interest paid on Home Loan for three years during construction period of a house is eligible for deduction from the year in which flat is acquired/construction completed;

(b) if so, the object for giving this deduction to the Home Loan takers and whether three years period fulfills the objects;

(c) if not, whether Government is contemplating any change in the period of three years; and

(d) whether buyers of under construction flats suffer huge losses due to non completion of flats within three years by the builders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) As per the provisions of section 24 of the Income-Tax Act, 1961 ('the Act'), where a property has been acquired/constructed/repaired/renewed/reconstructed with borrowed capital, the amount of interest payable on such borrowed capital is allowed as a deduction.

The above deduction, in respect of a house property acquired or constructed with borrowed capital before 1.4.1999, where such property is a self occupied property or where the owner is not able to actually occupy such property owing to his employment/business/profession being carried out at any other place, would be subject to a cap of thirty thousand rupees. Further, in respect of the aforesaid properties acquired or constructed on or after 1st April, 1999, where the acquisition or construction was completed within three years from the end of the financial year in which the capital was borrowed, the deduction would not exceed rupees one lakh fifty thousand. However, with effect from 1st April, 2015, the said limit of one lakh fifty thousand rupees has been enhanced to rupees two lakh, *vide* Finance Act (No.2), 2014. For claiming the above deduction, the conditions as prescribed under section 24 of the Act are required to be fulfilled.

(b) To sustain the pace of investment in the housing sector, this deduction has been provided where the acquisition or construction of the house property is completed within three years from the end of the financial year in which the capital was borrowed.

(c) There is no such proposal.

(d) This information is not maintained.

Disinvestment initiatives for meeting deficit target

3606. SHRI M.P. ACHUTHAN:

SHRI D. RAJA :

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government is planning to go for a larger than targeted disinvestment of Public Sector Undertakings (PSUs) to meet the deficit target; and

(b) if so, the names of the PSUs and the percentage of Government shares in these PSUs planned to be disinvested and the total amount to be raised during the year 2014-15 thereby?