

26.3.2015, to all the Principal Chief Commissioners and Principal Director Generals of Income tax to include redressal of public grievances as work of utmost priority in their work plan and to instruct all offices under their jurisdiction to dispose of the grievances pending with them as per the Action Plan for the First Quarter of the FY 2015-16. This has been followed up with Video Conferencing of Chairperson, Central Board of Direct Taxes with Principal Chief Commissioners and Principal Director Generals of Income tax on 9.4.2015.

(b) Most of the grievances received from public with regard to Income Tax matters pertain to delay in issue of refunds and non-credit of taxes paid. The delay is mainly due to wrong quoting of details by the taxpayers in the Returns/Challans, mismatch of TDS reported in returns and the TDS credit available on the System, non-submission of requisite information/documents to fill the gap by the assessee/deductor, change of PAN jurisdiction, records of old assessment years being not easily available with jurisdiction Assessing Officer etc.

#### **Finding of CEIB**

1769. PROF. M. V. RAJEEV GAOWDA : Will the Minister of FINANCE be pleased to state:

(a) the findings of the Central Economic Intelligence Bureau (CEIB) pertaining to the collusion between Certain entry operators, pseudo companies which are created to row black money and tax evaders;

(b) whether the Ministry is taking any measures to tackle this problem: and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) Central Economic Intelligence Bureau (CEIB) primarily does not investigate cases itself as it is an Intelligence and coordinating Agency, not an investigative agency. It receives intelligence inputs from various sources of economic intelligence including Law Enforcement Agencies which it passes on to the concerned Agency/Department. The CEIB has received various inputs regarding collusion between certain entry operators, pseudo companies which were disseminated to concerned agencies for further action.

(b) and (c) Appropriate action against evasion of taxes, including through collusion between entry operators and pseudo companies, is an on-going process. Such action under Direct Tax Laws includes searches, surveys, enquiries, assessments, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable.

The Government has taken various legislative and administrative measures to tackle the problem. The legislative measures under the Income Tax Act, 1961 include provision U/S 56 which read as under:-

56(1) (viia) where a firm or a company not being a company in which the public are substantially interested, receives, in any previous year, from any person or persons, on or after the 1st day of June, 2010, any property, being shares of a company not being a company in which the public are substantially interested.

- (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
- (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

*Provided that this clause shall not apply to any such property received by way of a transaction not regarded as transfer under clause (via) or clause (vie) or clause (vicb) or clause (vid) or clause (vii) of section -47.*

*Explanation - For the purposes of this clause. "fair market value, of a property, being shares of a company not being a company in which the public are substantially interested, shall have the meaning assigned to it in the explanation to clause (vii)*

*(viib) where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares:*

*Provided that this clause shall not apply 'where the consideration, for issue of shares is received: -*

- (i) by a venture capital undertaking from a venture capital company or a venture capital fund; or*
- (ii) by a company from a class of classes of persons as may be notified by the Central Government in this behalf.*

**Explanation -** *For the purposes of this clause*

*(a) the fair market value of the shares shall be the value*

*(i) as may be determined in accordance with such method as may be prescribed;*

*or*

(ii) *as may be substantiated by the company to the satisfaction of the Assessing*

*Officer. Based on the value, on the date of issue of share of its assets, including intangible assets being goodwill, know-how, patents, copy rights, trademarks, licenses, franchises or any other business or commercial rights of similar nature whichever is higher.*

*(b) "venture capital company" "Venture capital fund" and "venture capital undertaking" shall have the meanings respectively assigned to them in clause (a), clause (b) and clause (c) of [Explanation] to clause (23FB) of section 10)*

Administrative measures include creation of database of entry operators, beneficiaries, etc. through information technology enabled systems to facilitate investigation and follow-up action in such cases.

#### **Tax benefits under KVP**

1770. SHRI DEVENDER GOUD T. : Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the Government has decided to relaunch Kisan Vikas Patra ( KVP) due to steep fall in the rate of savings;
- (b) how KVP is different from Public Provident Fund (PPF);
- (c) the reasons for not giving tax benefits, under KVP which otherwise boost-savings; and
- (d) how KVP is more attractive than PPF?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA) : (a) Yes Sir.

(b) to (d) While PPF gives to the investor a fixed return at the prevailing interest rate, which is reset every year, Kisan Vikas Patras doubles the invested amount in notified period. This is presently 100 months.

Kisan Vikas Patra offer the investor benefit of liquidity, PPF accounts give the investor benefit of tax concessions. In PPF accounts maturity period is 15 years long, whereas in KVP it is presently 100 months.

#### **Project loans becoming NPAs**

1771. SHRI ARVIND KUMAR SINGH :

SHRI NEERAJ SHEKHAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether banks have identified 74 projects for which ₹ 55,000 crore of loans