

money laundering. Further, *vide* the Finance Act, 2015, the definition of 'proceeds of crime' under PMLA has been amended. Under the revised definition 'proceeds of crime' would also include "where such property is taken or held outside the country, then the property equivalent in value hold within the country". This provision will enable action in those cases where 'proceeds of crime' is taken or held outside the country and enable action to be taken for attachment of equivalent asset located in the country.

Amendments made in FEMA: The Foreign Exchange Management Act, 1999 (FEMA) has also been amended *vide* Finance Act, 2015 to the effect that if any foreign exchange, foreign security of any immovable property situated outside India is held in contravention of the provisions of this Act, then action may be taken for seizure and eventual confiscation of assets of equivalent value situated in India. These contraventions are also being made liable for levy of penalty and prosecution with punishment of imprisonment up to five years.

Enactment of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015: The Government has passed 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Bill, 2015'. This Act provides for separate taxation of any undisclosed income in relation of foreign income and assets. It *inter alia* includes stringent provisions for penalties in relation to undisclosed foreign assets/income. Further, the offence of tax evasion under the new law has been made non-compoundable and the offenders will not be permitted to approach the Income-tax Settlement Commission. The new law has also amended the Prevention of Money-laundering Act, 2002 (PMLA) to include offence of tax evasion as a scheduled offence under PMLA.

Establishment of a Central Know Your Customer (KYC) Registry. The Government has notified the Rules for Central KYC Registry under PMLA and steps are being taken to establish it.

Taxes on online shopping

1021. SHRI MAHENDRA SINGH MAHRA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that Central Government and State Governments are not getting amounts collected through tax owing to online sale of products by companies;

(b) if so, whether Government has framed any rules to recover tax on online shopping;

(c) if not, whether Government will impose a ban on online sale of products; and

(d) if not, the steps being taken by Government to compensate for the financial loss being incurred by State Governments and Central Government owing to online sale of products by companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) Online shopping like any economic activity is governed by the existing laws/regulations governing economic activity. So far as collection of taxes are concerned, the following is the legal position:

- (i) Goods procured online for import into India attract Customs duty at the stage of their importation.
- (ii) Goods procured online, if manufactured, are cleared from factory on payment of applicable Central Excise duty.
- (iii) As regards good sold online in the case of domestic trade, the following is applicable:
 - (a) If the e-tailing company sell goods on its own account, such sale is liable to VAT, which is a State subject. Trading of goods online does not attract levy of Service Tax, as they are included under 'negative list' of services under Section 66D of the Finance Act, 1994.
 - (b) If the e-tailing company provides support to the retailer by way of business support, such as, affiliation, storage, delivery, technical support, etc and goods are sold by the retailer, the fee collected by the e-tailing company attracts service tax. Besides, any service by way of online advertisement also attracts service tax. The retailer is, in any case, liable to pay VAT, which is a State subject.

Further, E-Commerce web-sites dealing with services are mostly intermediaries or aggregators. Under Rule 2(aa) of the Service Tax Rules, 1994, 'aggregator' means a person, who owns and manages a web based software application, and by means of the application and a communication device, enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator. However, aggregators may provide services on their own account also. In that case, the services provided are liable to service tax as per the provisions of the Finance Act, 1994. In Union Budget 2015, with effect from 01.03.2015, the aggregator has been made liable to pay Service Tax on behalf of the service providers if the service is so provided using the brand name of the

aggregator in any manner. In so far as the intermediaries are concerned, they are liable to Service Tax for the commission received and the service provider will pay the Service Tax for the services provided. In case of import of service by business entity, the recipients of such service is liable to pay Service Tax.

Thus, there is no revenue loss due to e-commerce or online shopping only. Further, as the goods sold through online are either manufactured in India or imported into India, such goods have suffered excise duty/customs duty at the time of clearance/import thereof. Therefore, there is no lack of mechanism to collect Government revenue from the business companies engaged in e-commerce or online shopping. The existing provisions are capable of taking care of collection of central taxes, as may be applicable, from such companies.

(c) and (d) In view of reply to parts (a) and (b) above, Questions do not arise.

Assessment of Savings Incurred due to Pahal Scheme

1022. SHRI D. RAJA: Will the Minister of FINANCE be pleased to state:

(a) whether the Government has made any study to assess the savings, due to a shift toward Direct Benefit Transfer(DBT) for LPG called PAHAL;

(b) if so, the details thereof and the amount of savings made during the financial year 2014-15 and expected for 2015-16;

(c) whether Governments attention has been drawn to a study by the International Institute for Sustainable Development(IISD) stating that the actual savings cannot exceed 143 crore; and

(d) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) and (b) Subsidy outgo and related subsidy savings, in any given year depends on a multiplicity of factors, namely, prevailing crude price, exchange rate and tax structure. According to an internal analysis of Ministry of Petroleum and Natural Gas, as on 1st April, 2015, there were 18.19 crore registered LPG Consumers and 14.85 crore active consumers implying a gap of 3.34 crore consumers which are duplicate/inactive accounts blocked under the new PAHAL Scheme. Taking into account the quota of 12 cylinders per consumer and the average LPG subsidy of ₹ 366 per cylinder for the year 2014-15, estimated savings in LPG subsidy due to the blocking of 3.34 crore consumers, worked out to an estimate of ₹ 14,672 crore for that year.