

Govt reiterates prospect of steep penalty in black money FAQs

The government on Monday said there would be stringent penalties and a jail term of up to 10 years for non- disclosure of overseas income and assets. It added the tax authorities would be able to retrieve information of assets from foreign countries from 2017 onwards.

In the 'Frequently Asked Questions (FAQs)' on the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, the finance ministry has said if undisclosed assets are unearthed by the tax department at a future date, 120 per cent tax and penalty combined would be levied on its fair market value on that date, besides a three- to 10year jail term.

"India is expected to start receiving information through the Automatic Exchange of Information (AEOI) route under FATCA (Foreign Account Tax Compliance Act) from the US later in year 2015.

Further, under the multilateral agreement, India will start receiving information from other countries under the AEOI route from 2017 onwards," the FAQs posted on the income tax department's online portal said.

"As on March 18, 58 jurisdictions (including India) have committed to share information under AEOI by 2017. A further 36 jurisdictions have committed to share by 2018, including jurisdictions which have beneficial tax regime," it said.

"The multilateral agreement is expected to cover all countries in the near future. The information under the AEOI will include information of controlling persons (beneficial owners) of the asset. The possibility of discovery of an undisclosed asset may arise at any time in the future," the FAQs added.

The circular said where any asset has been acquired prior to the commencement of the Act and no declaration has been made, such asset shall be deemed to have been acquired in the year in which it comes to the notice of the assessing officer and the provisions of the Act shall apply accordingly.

As reported earlier, the Centre will give immunity from prosecution under Foreign Exchange Management Act, Prevention of Money Laundering Act and four other laws to persons declaring undisclosed foreign assets under the compliance window, which lasts till September 30, 2015, and dues under which can be paid till December 31, 2015.

The one- time 90- day compliance window being provided will, however, not guarantee immunity for wealth generated from corruption, the FAQs clarified.

On the provision of the compliance rules barring persons against whom the government has prior information for making disclosures, the circular clarified such persons' declarations will be dealt with under the Income Tax Act and not under the stringent Black Money law. This concession

will be available only to persons who had not received any intimation from the tax department having prior information about their foreign assets.

FAQS ON THE BLACK MONEY ACT

- 120% tax and penalty on undisclosed assets unearthed by tax department at a future date
- 3- 10- year jail term too applicable |From 2017, authorities can retrieve assets info from foreign countries
- Assets acquired before the Act and undeclared to be deemed as acquired in the year of discovery
- September 30, last date of compliance window
- December 31, last date for payment of dues
- 90- day, one- time compliance window provided but not guarantee of immunity for wealth generated from corruption
- Declarations by persons on whom the govt has prior information to be dealt under the Income Tax Act
- June 30, last date to declare foreign assets for which no notices have been served by tax authorities

(Business Standard)