



Ministry of Finance

# Indian Money in Swiss Bank

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Swiss authorities have shared the following information regarding the Swiss National Bank (SNB) figures quoted in the media “The figures published by the SNB are regularly mentioned in the Indian media as a reliable indicator of the amount of assets held with Swiss financial institutions in respect of Indian residents. More often than not, the media reports have not taken account of the way the figures have to be interpreted, which has resulted in misleading headlines and analyses. Moreover, it is frequently assumed that any assets held by Indian residents in Switzerland are undeclared (so-called ‘Black Money’).”

Further they have said “To analyze Indian residents’ deposits held in Switzerland, another data source should be used. This is the so-called “locational banking statistics”, which the SNB collects in collaboration with the Bank for International Settlements (BIS).”

The data collected by Swiss National Bank in collaboration with Bank for International Settlements (BIS) shows that the loans and deposits of Indians, other than Banks, in the Swiss banks decreased by 34.5% in the year 2017 as compared to 2016. Further, there has been significant reduction in Swiss non-bank loans and deposits of Indians by 80.2% between 2013 and 2017.

The detection and taxing undisclosed money abroad is a continuous process. The Government has taken various proactive steps against the black money stashed abroad which have led to positive results. These steps include, *inter alia*, the following:

- i. The Government enacted a comprehensive and a more stringent new law, namely, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 that has come into force w.e.f. 01.07.2015. Apart from prescribing more stringent penal consequences, this law has included the offence of wilful attempt to evade tax etc. in relation to Undisclosed Foreign Income/Assets as a Scheduled Offence under the Prevention of Money-laundering Act, 2002 (PMLA).
- ii. The Government gave a one-time compliance window of 3 months for providing an opportunity to taxpayers to make declarations of their undisclosed foreign assets before they were subjected to more stringent provisions of the new law i.e. the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015. 648 declarants filed declarations up-to 30.09.2015, which was the last date of filing such declarations, disclosing undisclosed foreign assets worth Rs.4164 crores. An amount of about Rs.2476 crore has been collected as tax and penalty in such cases.
- iii. India has been a leading force in the efforts to forge a multi-lateral regime for proactive sharing of financial information known as Automatic Exchange of Information (AEOI) which will greatly assist

the global efforts to combat tax evasion. The AEOI based on Common Reporting Standard (CRS) has commenced from 2017 enabling India to receive financial account information of Indian residents in other countries. India has also entered into information sharing agreement with the USA under the Foreign Account Tax Compliance Act (FATCA) of USA. The exchanges under FATCA have taken place for the financial years 2014, 2015 and 2016.

- iv. Indian Government has been proactively engaging with foreign governments, for exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Convention on Mutual Administrative Assistance in Tax Matters/South Asian Association for Regional Cooperation(SAARC) Multilateral Agreement.
- v. India and Switzerland have in place a Double Taxation Avoidance Agreement (DTAA), which entered into force on 29<sup>th</sup> December, 1994. Protocol amending the agreement came into force on 07<sup>th</sup> October, 2011. Based on the provisions of DTAA, the two countries exchange information on a request basis, which is foreseeably relevant to the administration or enforcement of the domestic laws concerning taxes covered by the agreement. India and Switzerland are signatories to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) and both countries have also signed the Multilateral Competent Authority Agreement (MCAA) pursuant to which the Automatic Exchange of Information (AEOI) is activated between the two countries for sharing of financial account information effective from 01.01.2018 with first transmission in 2019. Accordingly, India will receive the information of financial accounts held by Indian residents in Switzerland for 2018 and subsequent years, on an automatic basis.
- vi. A Special Investigation Team (SIT) on Black Money has been constituted in May 2014 under the Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court. Investigation into cases involving substantial black money/undisclosed income, particularly black money stashed abroad, is being extensively and intensively monitored by the SIT.
- vii. The Government has taken pro-active and effective steps whenever any credible information has been received with regard to black money stashed abroad, whether in HSBC cases, ICIJ cases, Paradise Papers or Panama Papers. These steps include constitution of Multi Agency Group in relevant cases, calling for definitive information from foreign jurisdictions, bringing the black money to tax under relevant law, launching prosecutions against the offenders etc.

This was stated by Shri Shiv Pratap Shukla, Minister of State for Finance in written reply to a question in Rajya Sabha today.

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