

**14<sup>th</sup> July, 2015**

**ANY INCOME OR ASSETS OUTSIDE INDIA?? ACT NOW!!**

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (“the Act”) has been recently brought into effect with a view to curb the menace of black money held by Indian residents abroad, and provide them an opportunity to disclose the foreign income or assets within the specified window-period and ensure compliance with the Act.

The Act is applicable only to individuals/entities who have any income or assets located outside India.

The Act *inter alia* levies tax at the rate of 30% of the value of undisclosed foreign assets held by an Indian resident along with a penalty equal to 90% of the value of such asset, and also provides for rigorous imprisonment of 3 (three) to 10 (ten) years for wilful attempt to evade taxes in relation to any undisclosed foreign income or assets.

The declaration of foreign income or assets may be made in prescribed *Form 6*, to be filed with the Commissioner of Income-Tax, Delhi, or filed online on the e-filing website of the Income Tax Department using the digital signature of the declarant.

Central Board of Direct Taxes on 2<sup>nd</sup> July 2015 vide its circular has appended Explanatory Notes to Chapter VI of the Act which come into force from 1<sup>st</sup> of July, 2015. Such declaration may be made at any time before 30<sup>th</sup> September 2015 before the designated Principal Commissioner /Commissioner. The designated Principal Commissioner/Commissioner will intimate the declarant by 31<sup>st</sup> October 2015, whether any information in respect of the declared asset had been received by the Competent Authority on or before 30<sup>th</sup> June 2015.

Then the declarant shall file a revised declaration within 15 (fifteen) days of receipt of intimation in *Form 6* excluding such asset. However, in all cases, the declarant is required to pay the requisite tax and penalty on the assets eligible for declaration latest by 31<sup>st</sup> December 2015 if the declarant fails to payment or where declaration is made by misrepresentation or suppression of facts or information, the declaration becomes *void ab initio*. After the intimation of payment by the declarant, the Principal CIT/CIT will issue an acknowledgement in *Form 7* of the accepted declaration within 15 (fifteen) days of such intimation of payment by the declarant.

**Effect of Valid Declaration:**

- The amount of undisclosed declared shall not be included in the total income of the declarant under the Income-Tax Act nor be chargeable to Wealth Tax for any assessment year.
- The contents of the declaration shall not be admissible in evidence against the declarant.
- The value of asset declared in the declaration shall not be or years.

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- Declaration of undisclosed foreign asset will not affect the finality of completed assessments.

Chapter VI of the Act provides for a window period for tax compliance to which this recent circular adds substance vide an explanation. A declaration under the aforesaid chapter can be made in respect of undisclosed foreign assets acquired from income chargeable to tax of a person who is a resident within the meaning of clause (6) of section 6 of the Income-tax Act for any assessment year prior to 2016-17.

Notwithstanding any rates specified under the Income tax Act or the annual Finance Acts, the declarant would be liable to pay tax at the rate of 30% of the value of such undisclosed asset along with a penalty at the rate of 100% of such tax. Therefore, the declarant would be liable to pay a total of 60% of the value of the undisclosed asset declared by him. The value of the asset shall be calculated as per the Rules accompanying the Act.

*So hurry up and declare any undisclosed foreign assets before 30<sup>th</sup> September 2015 or run the risk of paying penalty 120% of the value of such asset and get imprisoned upto 10 years.*