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Black Money
&
Dirty Money

(i) The Undisclosed Foreign Income
& Assets (Imposition of Tax)
Act, 2015



It was brought for
black money hoarded in
foreign countries.

(ii) Income Disclosure Scheme-I



Proposed in the Union Budget
2016-17.



Black money hoarded in the
domestic economy.

(iii) PBPT Act — 2016



Prohibition of Benami
Property Transactions

(iv) Demonetisation - 8th Nov. 2016



SBNs = Specified
Bank
Notes

of Rs 500 & Rs 1,000

Why?

The soil rate of these notes was
found to be lower.



rate of depreciation of bank notes.

Source: Economic Survey, 2016-17.

Note - The Eco. Survey 2016-17
called this demonetisation
as reverse helicopter drop.

(v) Income Disclosure Scheme-II



↳ brought after demonetisation

↳ for domestic black money.

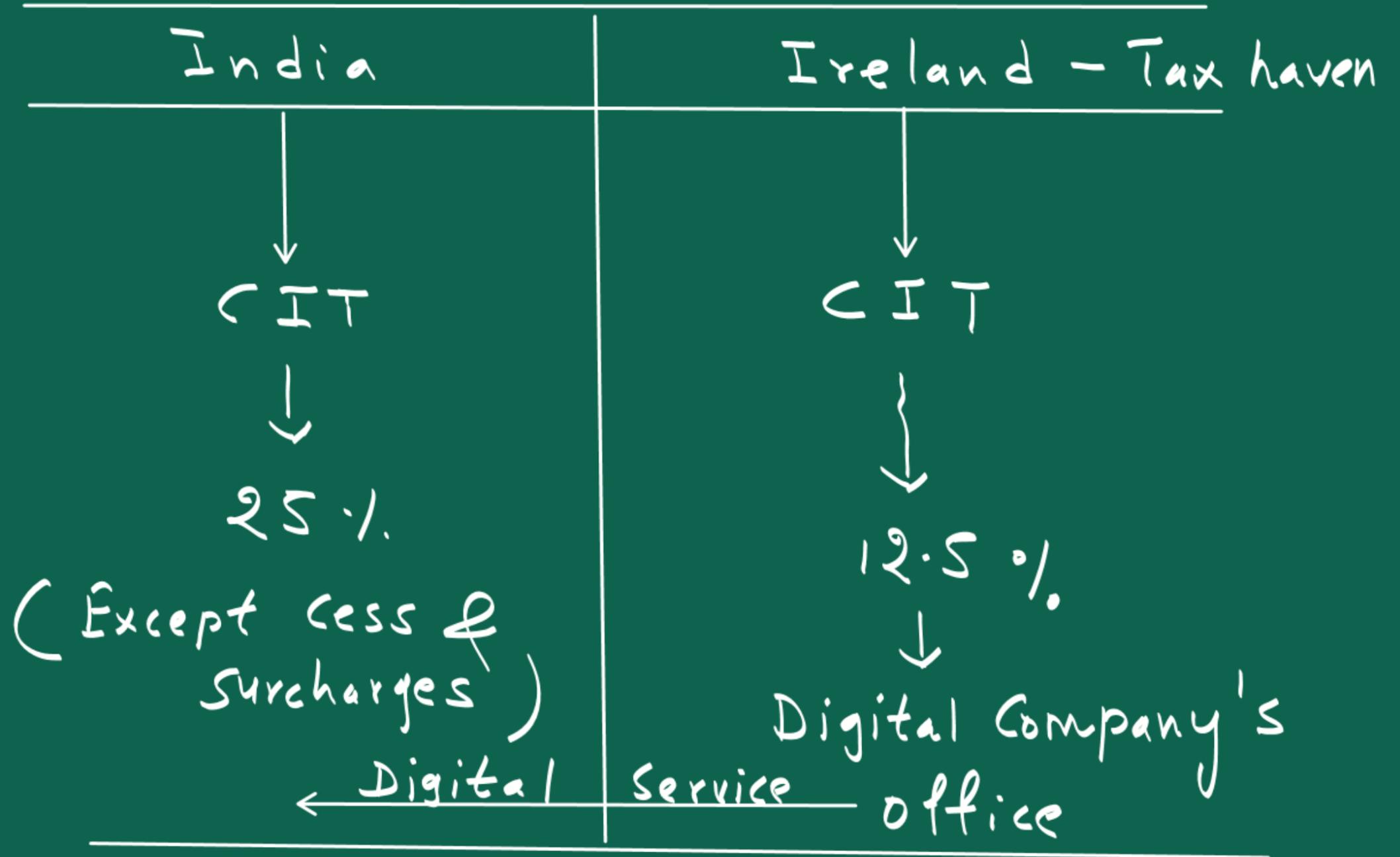
The Issue of Tax Avoidance

↳ What is tax-avoidance?

↓
An act of reducing/removing tax burden by using legal methods.

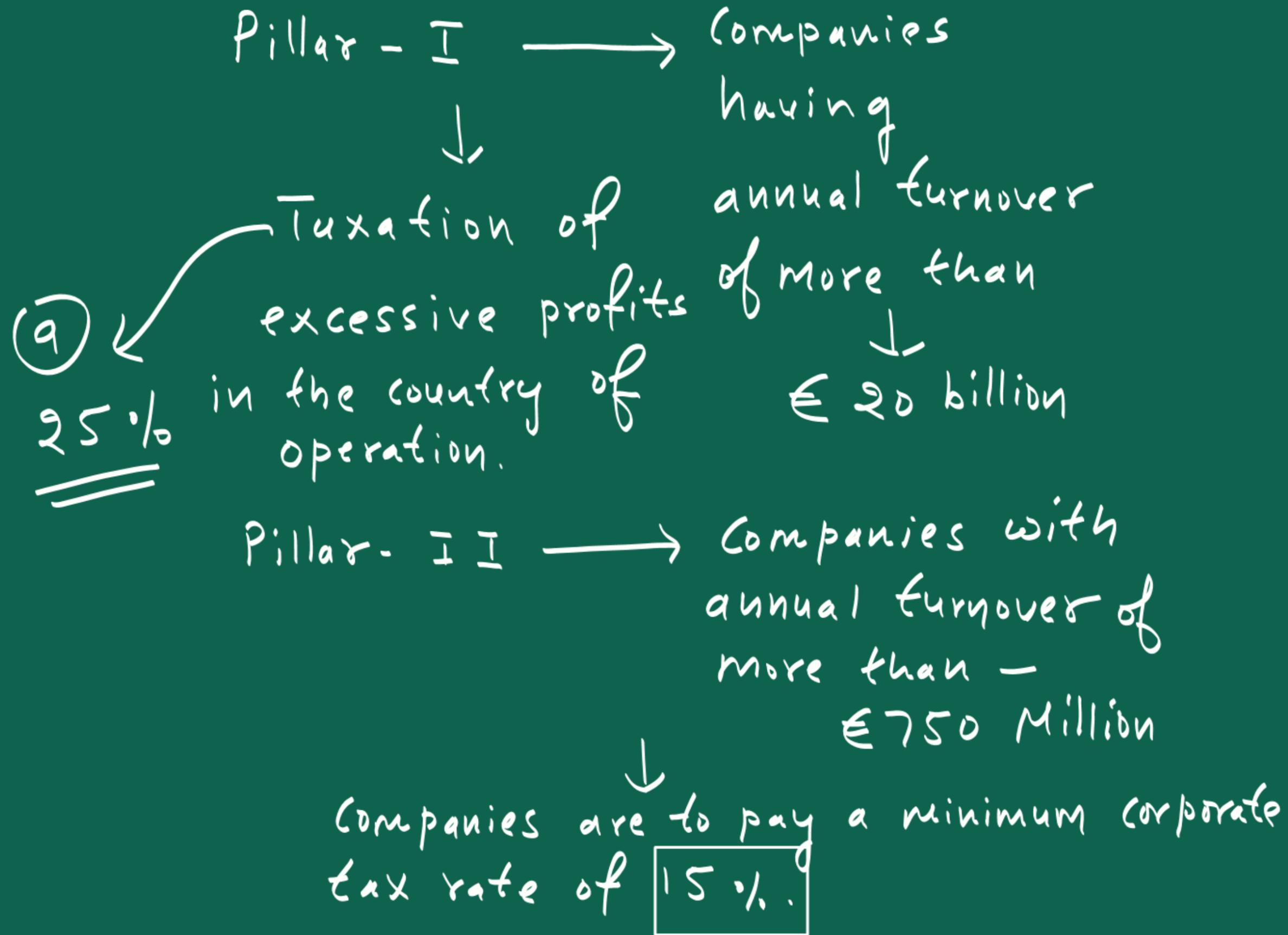
↓
Example: providing digital services in high tax countries through offices located in tax-havens, like Ireland.

A case study ! Tax Avoidance



The Global Minimum Tax Rate

- (i) A part of the -
OECD/G-20 Inclusive Framework
on BEPS.
- (ii) It consists of two pillars
as given below -



If the CIT rate is lower in any country, then, the govt. of the home country will impose a top-up rate to make it 15% effectively.

Some Important Words / Concepts

(i) BEPS Project
↓
Base Erosion
&
Profit Shifting

6-20 / OECD
Project
↓
To control
tax avoidance
by MNCs.

(ii) GAAR = General
Anti-Avoidance
Rules

↓
Comprehensive Indian rules
regarding tax-avoidance.

(iii) POEM = Place of
Effective
Management
↓
Indian rules → Tax avoidance

(iv) GLOBE -

Global Anti Base
Erosion



Rules released by OECD
for the implementation of the
Pillar-2 of the Global Minimum
Tax Rate.

(4) CRS = Common
Reporting
Standards

↓
G-20/OECD system
of exchanging various informations
among the members.

(vi) AEOI →

Automatic Exchange
of Information

↓
Under CRS.

(vii) Google Tax — 2016

a tax imposed @ 6%.

by Indian govt. on the income from digital advertisement earned in India by the foreign resident companies like Facebook, Twitter etc.

It was also called EL-1.0.



Equivalisation Levy

(viii) DST — 2020



Digital Services Tax



↳ Imposed by the GOI

① 2% on the turnover.

↳ Imposed on all digital services provided by foreign resident companies.

↳ Also called → EL-2.0

Some other concepts

Windfall Tax —

A tax to be imposed on those companies/entities earning exceptional profits due to some external factors, not due to improvement in efficiency

In July, 2022, this tax was imposed by the GOI on companies involved in the production of crude oil in the wake of Russia-Ukraine conflict.