

## PRESS RELEASE

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'Tax Terrorism; Flourishes and Transparency is 'Dead' under BJP Govt  
'Finance Bill' Gives a License to 'Raid, Harass & Persecute' Without Reason  
'Probity' & 'Accountability' of 'Political Donations' by Corporates is Over

**For the first time in the Constitutional history of Independent India, a bill has been passed in the Parliament which amends 40 different laws in one go.** The BJP Government and the Finance Minister, Shri Arun Jaitley has not revealed whether these 40 amended laws come under the 'Finance Bill' which was passed by Lok Sabha using the provisions of a 'Money Bill' by sheer misuse of majority in Lok Sabha to trample upon Constitutional propriety and established conventions.

Not only this, the Finance Bill has unleashed a sordid culture of 'Tax Robbery' and 'Raid Raj' and provided a window to corporate cronies to maintain a film of opaqueness in political donations. **Instead of ensuing transparency, fairness, probity and equity- The BJP Government has wielded a sever blow by taking recourse to opacity, subterfuge and deception . The Finance Bill is a sad commentary on conduct of BJP Government hell bent on destroying the relevance of Rajya Sabha.**

1) Amendment to Income Tax Act in the Finance Bill,2017 provides draconian powers to the Income Tax department to raid businesses and individuals if they have "reason to believe"

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132. <sup>7</sup> Search and seizure <sup>8</sup>

(1) <sup>9</sup> Where the <sup>10</sup> Director General or Director] or the <sup>11</sup> Chief Commissioner or Commissioner] <sup>12</sup> or any such] <sup>13</sup> Deputy Director] or <sup>14</sup> Deputy] Commissioner as may be empowered in this behalf by the Board], in consequence of information in his possession, has **reason to believe** that-

(a) any person to whom a summons under sub- section (1) of section 37

The Government has proposed an amendment in the Finance Act, 2017 to allow IT officials to not even to disclose the reasons for conducting search and seizure.

50. In section 132 of the Income-tax Act,—

(i) in sub-section (1), after the fourth proviso, the following *Explanation* shall be inserted and <sup>45</sup> shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

*"Explanation.—For the removal of doubts, it is hereby declared that the reason to believe, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal."*

(ii) in sub-section (1A), the following *Explanation* shall be inserted and shall be deemed to have <sup>50</sup> been inserted with effect from the 1st day of October, 1975, namely:—

*"Explanation.—For the removal of doubts, it is hereby declared that the reason to suspect, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal."*

**Shockingly, this change is retrospective in nature, coming from a Prime Minister and his Government who came to power in the year 2014 on the promise of an end to 'retrospective taxation' and 'tax terrorism'.**

The final blow can be gauged from the fact that a fresh assessment can now be undertaken by tax authorities from the year 1962 onwards. This has undone the entire edifice of 'stability of taxation and finality of tax orders'.

- 2) **On one hand, BJP Government tom toms, both ‘transparency of political funding’ as a primary goal. On the other, Finance Bill enables anyone including a foreign individual/ entity, to donate money to political parties anonymously through the instrument of “Electoral Bonds”.**

The biggest vice is ‘anonymity’. BJP Government hasn’t clarified, as to whether the identity and the connection of the donor will be disclosed or not. Instead, government should have ensured that donation is given only give by cheque and only then, it shall be exempt from Income Tax. Secondly, there should have been, requirements of a declaration as what is the value of the Bond, who is the purchaser, and to whom, it is donated? All this is absent leading to complete opaqueness.

**Earlier, there was a cap on how much donation could a company give to a political party. Suprisingly, that cap has been now removed, permitting donation of unlimited amounts.**

- 3) **In a sudden move, Finance Bill merges together eight different tribunals.** Tribunals are judicial/quasi-judicial bodies which exist for dispute resolution. The terms of reference for appointments and dismissal of members in these tribunals have been clearly diluted. Now, after this Finance Bill Amendments, Centre can choose the members through a simple gazette notification. **This is an assault on the integrity of such judicial/quasi judicial bodies, which can now be filled at the ‘whims and fancies’ of the executive.**

- 4) **BJP Government is helping ‘Black Money holders’ in converting ‘Black Money’ into ‘White’ by successive Income Disclosure Schemes.**

Modi Government introduced a ‘Fair and Lovely Scheme’ named as ‘Voluntary Income Declaration Scheme’ from 01.06.2016 to 30.09.2016 for converting black money into white by payment of 45% tax only. Government again brought in the ‘Black Money Holders Welfare Scheme’ in garb of ‘Garib Kalyan Yojna’ by amending the Income Tax Act. Once again, black money holders have been permitted to convert their black money into white only by paying 49.9% tax only, without the fear of any prosecution and without being questioned.

Under Section 271(1)(C)(iii) of the existing Income Tax Act, anyone, who would have been caught with black money, would be liable to pay 132% tax as tax + penalty on the black money so caught. This would also entail separate prosecution.

The BJP Government, in its numerous advertisements, is propagating that it is taxing Black Money evaders @ 137.5%. **The truth is the present Government introduced two back to back schemes to convert Black Money into White by payment of only 45% and 49.9% tax without prosecution as against the existing 132% of tax + penalty that would have been payable. Still, it claims to, brazenly and falsely to go after Black Money holders by issuing false public advertisements, aimed at misleading the people and the press.**

- 5) BJP Government circulated amendments proposed to the Finance Bill by different MP's, but deliberately withheld the amendments proposed by Finance Minister. This has diluted legislative powers of the Parliament. To top it, the changes introduced to different under the Finance Bill; do not even fall within the domain of Finance Ministry.

**Cycle of hypocrisy, falsehood & deception by the current BJP Government stands exposed. We believe that majority in Parliament can never be used to subterfuge the Constitution and the law by unleashing a new era of unbridled and unchecked 'Tax Terrorism' and 'Raid Raj' in this country Indian National Congress will fight it determinedly.**