

Operation Clean Money and Role of CAs

“**C**As should help bring more people under the tax net... they should take charge of bringing their clients to path of honesty...” heralded Prime Minister Shri Narendra Modi at CA Day function on 1st July 2017 while exhorting the CA community to work more forcefully to check black money and corruption by giving right advice. His appeal was part of Government’s concerted drive against black money, a formidable challenge to the grand underlying vision of national economy. Indeed, black money has emerged as a grave menace affecting overall growth of our nation. There is no doubt that manifestation of black money in social-economic space of our lives can have diminishing effects on the institutions of our governance and conduct of public policy in our nation.

As the non-inclusion of such undisclosed wealth in the economic mainstream has far-reaching negative effects on the economy, the government is rightly geared up to check this economic demon. As such, a very important dimension to our tax administration in recent years has been the fight against the bane of black money, which has been very forcefully taken care of in Government agenda. Some important steps include Demonetisation, Constitution of the Special Investigation Team (SIT) on Black Money, Enactment of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, Comprehensive amendment of the Benami Transactions (Prohibition) Act 1988, Information Exchange Agreements with Switzerland, Changes in the Tax Treaties with Mauritius, Cyprus and Singapore, and Income Disclosure Scheme 2016.

In this regard, the most recent drive comes in the name of ‘Operation Clean Money’ (OCM), which has been launched by the Income Tax Department for e-verification of large cash deposits made during the period from 9th November to 30th December 2016. The programme was launched on 31st January 2017 and has entered into the second phase in May 2017. As part of the initiative, Email and SMS were sent to 18 lakh taxpayers for submitting online response on the e-filing portal.

The OCM is primarily aimed to verify cash transaction status (exchange/savings of banned notes) of tax payers during the demonetisation period and to take tax enforcement action if transactions do not match the tax status. According to the Income Tax Department, one of the pillars, OCM is fair, transparent and non-intrusive tax administration. According to Press Information Bureau, as part of the first phase of Operation Clean Money, the CBDT had identified 17.92 lakh persons for e-verification of large cash deposits. An

additional 6.6 lakh people have so far been identified in the second phase.

In this backdrop, as a partner in nation building, the Indian Chartered Accountant fraternity has a crucial role to play in making the all-encompassing anti-black money drive, including its latest version the *Operation Clean Money*, a great success.

Our Prime Minister Shri Narendra Modi, while addressing the Chartered Accountants on CA Day this year, had exhorted: “I invite you to join the festival of honesty... When one thinks about Economy and Finance, no one else but you who come first in our minds.... It would not be wrong to say that Chartered Accountants are ‘Rishi Munis’ (saints and sages) of the domain of arth (economy).”

Indeed, the Indian Chartered Accountants, given their unique skill sets and exposure to every layer of Indian business and economy, are in a very strong position to implement the provisions of related laws, ensure compliance, spread awareness and convince Indian businesses against generation of black money in any form.

As such, they are bridging the gap between taxpayers and the Department besides creating awareness for a tax-compliant society. ICAI and the Indian accountancy profession have been playing a crucial facilitating and remedial role in the Government’s anti-black money drive. We may recall that the ICAI and Indian CA fraternity had won accolades from Finance Minister Shri Arun Jaitley for the success of Income Declaration Scheme 2016.

The Black money is a menace not only for national economy but global economy too. It transcends the borders and has created a global quandary. The OECD and G20 countries collectively grasped this issue to rationalise that every country gets its due share of tax and the tax payers do not elude paying tax in any country or pay the least tax by adopting different planning devices which are to a large extent tactics to evade tax. The OECD has formulated 15 Action Plans which provide tools to the establishments to encounter BEPS. India too has keenly participated in the process.

It is indeed a difficult task to eradicate black money but it is achievable with the help of Indian CA fraternity. The recent measures taken by our Government can go a long way in this regard and help realise the dream of Indian economy going into the double digit growth trajectory. ■

Editorial Board ICAI – Partner in Nation Building