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# Info Capsule

## **INCOME TAX DEPARTMENT STEPS-UP ACTIONS UNDER PROHIBITION OF BENAMI PROPERTY TRANSACTIONS ACT: BENAMI PROPERTIES OF MORE THAN RS. 3,500 CRORE IN MORE THAN 900 CASES ATTACHED<sup>1</sup>**

Due to intensive efforts undertaken by the Income Tax Department, provisional attachment has been made in more than **900 cases** of properties under the Prohibition of Benami Property Transactions Act (the 'Benami Act'), which came into force w.e.f November 1, 2016. These attachments include plots of land, flats, shops, jewellery, vehicles, deposits in bank accounts, fixed deposits etc. The value of properties under attachment is more than **Rs. 3,500 crore** including immovable properties of more than **Rs. 2,900 crore**.

In five cases, the provisional attachments of Benami properties, amounting to more than **Rs. 150 crore** have been **confirmed by the Adjudicating Authority**. In one such case, it was established that a Real Estate Company had acquired about 50 acres of land, valued at more than Rs.110 crore, using the names of certain persons of no means as *benamidars*. This was corroborated from the sellers of the land as well as the brokers involved. In another case, post demonetization, two assesseees were found depositing demonetized currency into multiple bank accounts in the names of their employees, associates etc. to be ultimately remitted to their bank accounts. The total amount attempted to be remitted to the beneficial owners was about Rs. 39 crore. In yet another case, a cash amount of Rs. 1.11 crore was intercepted from a vehicle with a person who denied the ownership of this cash. Subsequently, no one claimed ownership of this cash and it was held to be benami property by the Adjudicating Authority.

Earlier, the Income Tax Department had stepped-up actions under the Prohibition of Benami Property Transactions Act (the 'Benami Act'). The Act provides for provisional attachment and subsequent confiscation of benami properties, whether movable or immovable. It also allows for prosecution of the beneficial owner, the benamidar and the abettor to benami transactions, which may result in rigorous imprisonment up to 7 years and fine upto 25% of fair market value of the property.

The Department had set-up 24 dedicated Benami Prohibition Units (BPUs) under its Investigation Directorates all over India in May, 2017 to ensure swift action in respect of Benami properties.

The Department is committed to continue its concerted drive against black money and action against Benami transactions will continue to be intensified.

<sup>1</sup> Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1516338>

## **RBI ISSUES MASTER DIRECTION ON FOREIGN INVESTMENT IN INDIA<sup>2</sup>**

The Reserve Bank of India, in consultation with the Government of India, has revised the Regulations on foreign investment in India and has repealed and replaced the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 (Notification No. FEMA 20) and Foreign Exchange Management (Investment in a Firm or Proprietary Concern in India) Regulations, 2000 (Notification No. FEMA 24) both dated May 3, 2000 with the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2017 dated November 7, 2017 (Notification No. FEMA 20(R)).

It may be recalled that the Reserve Bank had informed that the rationalization exercise is being undertaken vide Press Release on “RBI rationalizes FEMA Regulations” dated February 4, 2016. The rationalized Regulations have been framed keeping in view the objective of promoting ease of doing business, both from the regulatory as well as supervisory perspective.

Consequent to the rationalization, the Master Direction on ‘Foreign investment in India’ consolidating all the instructions relevant to foreign investment in India is being issued and placed on the website, <https://www.rbi.org.in>, which is available at [https://www.rbi.org.in/Scripts/BS\\_ViewMasDirections.aspx?id=11200](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11200)

### **Team ICSI**

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<sup>2</sup> Available at: [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=42773](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=42773)