



Info Capsule

INDIA PITCHES FOR STRONG PRE-2020 CLIMATE ACTION BY DEVELOPED COUNTRIES¹

The opening plenary of the 23rd Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) provided a flicker of hope to the poor and vulnerable people in the developing countries who are most at risk to the adverse impacts of climate change.

The much forgotten, pre-2020 agenda, under which developed countries are to ratify the second commitment period of the Kyoto Protocol (KP II) to undertake greenhouse gas emission cuts and also provide finance and technology support to developing countries for enhancing their ambition, found a place in the COP 23 agenda.

Meeting the long-term temperature goal of limiting the temperature rise to 2°C by the end of century requires strong short-term action. Enhanced pre-2020 action will reduce the overall costs and economic challenges for making a transition to low carbon growth pathway and also reduce climate risks and help realize immediate co-benefits such as improved public health as a result of lower air pollution, improved energy security, reduced crop yield losses among others.

India along with the Like Minded Developing Countries (LMDC) group strongly voiced the need for urgent time bound action on climate change by developed countries in the pre-2020 period to build trust and confidence for ambitious climate action in post 2020 era. In his intervention, Chief Negotiator of India on Climate Change, Mr. Ravi S. Prasad, called for early time-bound ratification of KP II by developed countries to ensure the highest possible mitigation efforts under the Convention by all Parties. He further added that this agenda is of utmost importance for developing countries and is not new but was agreed upon and under discussion since 2007. While action on Post-2020 period under the Paris Agreement has gained momentum, the discussions on Pre-2020 actions have lagged behind.

COP 23 is critical and maybe the last chance for the developing countries to fight for their right to development and the global carbon space by ensuring that the developed countries act on their pre-2020 commitments. It is the foundation upon which climate action should be built after the year 2020.

CASES PERTAINING TO 'PANAMA PAPERS': INVESTIGATION IN FULL SWING²

Pursuant to revelations made by the International Consortium of Investigative Journalists (ICIJ), a Washington based organization in April 2016 about certain Indians having linkages with entities in offshore no tax/low tax jurisdictions, the Government constituted a Multi-Agency Group (MAG) on 4th April 2016, *inter alia*, to facilitate co-ordinated and speedy investigation. The MAG consisted of officers of Central Board of Direct Taxes (CBDT),

¹ Available at: <http://pib.gov.in/newsite/erelease.aspx>

² Available at: <http://pib.gov.in/newsite/erelease.aspx>

Enforcement Directorate (ED), Financial Intelligence Unit (FIU) and Reserve Bank of India. So far, the MAG has submitted 7 reports to the Government.

The Panama Papers contained brief particulars of about **426** persons, *prima facie*, Indians or persons of Indian origin. The Income Tax Department conducted enquiries in all **426** cases, *inter alia*, through making 395 references to **28** foreign jurisdictions. Based on analysis of the information obtained and investigation conducted, the outcome so far indicates **147** actionable cases and **279** non-actionable cases (non-residents/no irregularities etc).

Out of the **147** actionable cases:

- Investigations have led to the detection of undisclosed credits of about **Rs. 792 crore**, so far;
- **Searches** have been conducted in **35** cases and **surveys** in **11** cases;
- In other cases, the persons have been confronted with the evidences during enquiries;
- In **5** cases **criminal prosecution complaints** have been filed;
- In **7** cases notices under section 10 of the Black Money (Undisclosed Foreign Income & Assets) and Imposition of Tax Act, 2015 have been issued;
- Further investigation in all the above cases is in progress.

INVESTIGATIONS IN CASES OF 'PARADISE PAPERS' TO BE MONITORED THROUGH RECONSTITUTED MULTI AGENCY GROUP³

Revelations made in the media under the name '**Paradise Papers**' [based upon expose done by the International Consortium of Investigative Journalists (ICIJ)] indicate that out of 180 countries represented in the data of offshore entities held by persons of different nationalities, India ranks 19th in terms of number of names. 714 Indians reportedly appear in the tally. The Paradise Papers include nearly 7 million loan agreements, financial statements, emails, trust deeds and other paperwork over nearly 50 years from inside Appleby, a prestigious offshore law firm with offices in Bermuda and beyond. The leaked documents include files from the smaller, family-owned trust company, Asiaciti (Singapore), and from company registries in 19 secrecy jurisdictions.

Names of only a few Indians (legal entities as well as individuals) have appeared so far in the media. Even the ICIJ website (www.icij.org) has not yet released the names and other particulars of all the entities. The website of ICIJ suggests that information will be released in phases and structured data connected to the Paradise Papers investigation will be released only in the coming weeks on its Offshore Leaks Database.

The Investigation units of the Income Tax Department (ITD) have been alerted to take note of revelations for immediate appropriate action. It has been reported that many cases of offshore entities are already under investigation on fast track. As soon as further information surfaces, swift action as per law will follow.

Further, the Government has directed that investigations in cases of Paradise Papers will be monitored through a reconstituted Multi Agency Group, headed by the Chairman, CBDT, having representatives from CBDT, ED, RBI & FIU.

Team ICSI

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