

Law – Black Money and Tax Dodging

First the tax system must be changed to what I have described in my Law for Taxes.

In fact the whole concept of Black Money would vanish if cash were abolished and there was State Funding of elections and only cheque/online payment for real estate, education, liquor, films, hospitals, mining, trading, mandis, jewelry and other cash based businesses that was tracked through a block chain e-governance platform.

My firm [Shambhala Samathvam](#) (Shambhala Samathvam) has one arm of exclusively devoted to developing products for block chain e-governance solutions to bring decentralisation and reduce corruption and improve transparency and integrity.

Declaration of Amnesty

After this law is brought into effect, those who have still made black money, even according to these new laws, can keep their black money after they take an amnesty declaration scheme and pay the necessary penalties.

They cannot keep the money that was given amnesty again in cash or real estate or gold.

They can only keep it in some business that employees at least 5 people at an annual salary of at least Rs 100,000 for every Rs 75,00,000 of black money that was left after paying the government the tax.

If they are incapable of establishing such businesses themselves, they can direct their amnesty money to a government regulated mutual fund that specialises in investing in small businesses.

They can also be exempt from penalties and punishment if they divide the legal businesses wealth they have earned the black money from equally among their children, employees and charity in their lifetime.

Exemptions from penalties and punishments will only apply to those have not been in government service or not closely related, to a living or dead government official or representative since 1973, either by blood or marriage or by doing business with them.

After the Amnesty is over

Any black money that is in cash and is above Rs 500,000 per family (excluding daily wage and manual labourers, tradesmen, craftsmen, artisans, weavers upto a limit of Rs 7,00,000) and Rs 10,00,000 per company or business should not be accepted by the banks and the cash should be burnt.

In any case this black money cash does not show up in the white economy so it makes no difference if the cash is burnt.

Farmers (those who are full time professional farmers and have no other source of income other than farming) and others who are not required by current law to pay tax, can declare their black money and keep 90% of the amount.

Farmers are only those who are individuals and not farming companies and farming corporates.

Those who cheat on their taxes for the first time must have 2 times the amount they have cheated to be repaid to the government.

Those who cheat on their taxes more than one time should pay 2 times the amount of taxes due and it increases with each offense – ie if they cheat 3 times, then 6 times the taxes due must be paid, if they cheat 4 times, then 8 times the taxes due and so on.

In all cases, these tax dodgers should be shaved (head, moustache, beard) with the urine of a donkey and locked in pillories for 5 days with bathroom, food and sleep breaks.

They should be made to do community service at 1 month for every Rs 10,00,000 that was evaded upto a maximum of 18 months of full time community service.

If they cannot pay these penalties, their assets should be confiscated and auctioned to recover the amount due.

If they cannot do the community service, they should pay double the multiplier of the penalties due.

We should seriously punish those with black (unaccounted) money and who use black money for transactions and those who help them evade taxes.

Anybody who indulges in a transaction in black money should face a penalty of at least 2 times the transaction.

Both the buyer and seller of this transaction must pay the penalty.

All the accountants and lawyers and other professionals who helped these people create the black money must have their licenses cancelled for 10 years and an amount of 5% of the evaded amount must be retrieved from these professional companies.

Not only the professional companies, but an amount of 2% of the black money must also be recovered from the actual individuals who work in these professional companies and who designed the strategies for individuals to evade taxes and create black money.

All the government officials who accepted bribes and colluded to help offenders evade taxes must be subject to the law for corruption.

If these assistants, colluders and colluding officials cannot pay the amount, their assets should be auctioned off and the amount recovered.

Black money for the relatively intelligent among the Representative DFIs and Dalal Street Pimps now comes in as FDI round tripping and setting up of shell companies

All FDI especially through Mauritius, British Virgin Islands, Cayman Islands, Singapore, UAE, USA, UK, Switzerland and other countries should be scrutinized and any shell companies with an equity of less than Rs 10,00,000 (inflation indexed) but sale of shares for more than 20 times their equity in less than 10 years, must be made to undergo a compulsory audit of their balance sheet and P&L statements and valuation certificates over the last 15 years or since the time they existed whichever is later.

Tax treaties with tax havens like Mauritius, UAE, Singapore, Cayman Islands, BVI, Switzerland, Ireland etc should be revised so that a minimum alternative tax is imposed for any capital gains or profits on investments sourced from these tax havens.

All real estate transactions above Rs 1,00,00,000 in the name of a purchaser since the year 2000 should have the source of funds audited by the purchaser.

The amount of Rs 1,00,00,000 is cumulative amount for all real estate transactions undertaken by an individual or company, not just transactional amount for each single real estate transaction.

We should encourage sneaking and whistle blowing and anybody who sneaks about black money and benami assets should be entitled to 10% of the money and assets recovered from the tax evader upto a limit of Rs 10,00,00,000 (crores) per offender convicted.

Also 10% of the money/assets found should go to the Income Tax staff who have detected the corruption upto a limit of Rs 5,00,00,000 per offender convicted.

All Benami holders who knowingly conceal proceeds for tax evaders must be given the same punishments as described above for tax evaders.

Order all high end shops (luxury goods, high end cars) and hotels and restaurants and other cash based shops (jewellery, Watches, etc etc) to declare their entire customer purchase from the date of establishment of the shop.

Give 5% of the money recovered to the shop where the purchase was made upto a maximum of Rs 50,00,000 per leak of each tax evader.

If the shop does not give the information or conceals any information or has assisted in tax evasion, impose a penalty of 5 times the amount it helped to evade as tax.

If the shop cannot pay the amount, seize the shop.