

Penalty under the PBTA:

There are heavy penal consequences if a person is found to have done the benami transaction as under:

1. Confiscation of benami property:

Authorities can provisionally attach the benami properties. Attachment implies a prohibition on transfer, conversion, or disposition of property. Once it is adjudicated that a property is benami, it can be confiscated by the Central government.

2. Prosecution & Fine:

Section 53 of the PBTA provides for the following types of punishment as well:

- a) When a Benami transaction is entered into to circumvent the provisions of any legislation, evade payment of statutory dues, or avoid payment to creditors, any person who enters or aids/induces another person to engage in such a transaction is liable for imprisonment for 1 to 7 years and fine up to 25% of the property's fair market value
- b) If a person who is compelled to disclose information under this Act provides false information, he may be liable for Imprisonment for 6 months to 5 years and fine of up to 10% of the property's fair market value.