Global Black Money Transactions

What is Black Money?

Black money includes all funds earned through illegal activity and otherwise legal income that is not recorded for tax purposes. Black money proceeds are usually received in cash from underground economic activity and, as such, are not taxed. Recipients of black money must hide it, spend it only in the underground economy, or attempt to give it the appearance of legitimacy through money laundering.

Some major sources of black money accumulation in a country are mentioned below.

- **Tax evasion:** It is a serious offence when people hide their income to avoid paying taxes to the government. They indulge in illegal activities to manipulate financial records
- **Corruption:** It is the biggest reason for black money in a country where people having power and money are involved in bribery and fraud activites. It is the biggest curse to a country's economy.
- **Real estate transactions:** Most of the real estate transactions are completed under the table to avoid paying taxes. Agents and companies hide the property's actual value to minimize tax.
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- **Hawala:** It is an informal method of transferring money without involving banks or other government organizations. There are no records or tracking of the money as there is no physical movement of money.

The shadow economy, fueled by black money, undermines economic stability by diverting revenue away from public services and distorting market competition. Black money is typically transferred through complex financial networks, including offshore tax havens, shell companies, and illicit banking channels, making it difficult for authorities to track and regulate. It contributes to a cycle of inequality, where those involved in illegal activities prosper, while law-abiding citizens bear the economic burden.

Governments and international organizations have implemented measures to combat black money transactions, such as stricter regulations, transparency initiatives, and data-sharing agreements. However, despite these efforts, the global scale of black money remains significant, and it continues to hinder economic development and governance, particularly in emerging markets.

Some of the most frequently reported methods are through cross cheques, through strong, influential people, through charities and trusts, etc. However, there are no definite rules governing these methods. People go to great lengths to find a feasible solution for tax evasion.

Through the analysis and visualization of global black money transactions, this report aims to provide insights into the patterns, scale, and impact of the illicit flow of funds, shedding light on one of the world's most persistent financial challenges.

Dataset Introduction

This extensive dataset provides a detailed view of black money transactions across multiple countries. The dataset is designed to offer insights into various aspects of financial movements often associated with illicit activities. With comprehensive attributes ranging from transaction amounts to risk scores, this dataset serves as a valuable resource for understanding the complexities of financial irregularities.

Columns:

Transaction ID: Unique identifier for each transaction. (e.g., TX0000001)
Country: Country where the transaction occurred. (e.g., USA, China)
Amount (USD): Transaction amount in US Dollars. (e.g., 150000.00)
Transaction Type: Type of transaction. (e.g., Offshore Transfer, Property Purchase)
Date of Transaction: The date and time of the transaction. (e.g., 2022-03-15 14:32:00)
Person Involved: Name or identifier of the person/entity involved. (e.g., Person_1234)
Industry: Industry associated with the transaction. (e.g., Real Estate, Finance)
Destination Country: Country where the money was sent. (e.g., Switzerland)
Reported by Authority: Whether the transaction was reported to authorities. (e.g., True/False)
Source of Money: Origin of the money. (e.g., Legal, Illegal)
Money Laundering Risk Score: Risk score indicating the likelihood of money laundering (1-10). (e.g., 8)
Shell Companies Involved: Number of shell companies used in the transaction. (e.g., 3)
Financial Institution: Bank or financial institution involved in the transaction. (e.g., Bank_567)
Tax Haven Country: Country where the money was transferred to a tax haven. (e.g., Cayman Islands)

Sources

https://www.kaggle.com/datasets/waqi786/global-black-money-transactions-dataset?resource=download