

**| आयकर अपीलीय अधिकरण न्यायपीठ, मुंबई |**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**"G" BENCH, MUMBAI**

**BEFORE SHRI NARENDRA KUMAR BILLAIYA, HON'BLE ACCOUNTANT MEMBER**  
&

**SHRI ANIKESH BANERJEE, HON'BLE JUDICIAL MEMBER**

**I.T.A. No. 3079/Mum/2024**

**Assessment Year: 2019-20**

<b>Income Tax Officer - 19(3)(1), Mumbai</b>	Vs	<b>Sheela Madhav Apte, Mumbai</b> 25A, Woodland Apartment G. Deshmukh Marg Peddar Road Cumballa Hill S.O. Maharashtra - 400026 <b>[PAN: ADBPA4847R]</b>
<b>अपीलार्थी/ (Appellant)</b>		<b>प्रत्यर्थी/ (Respondent)</b>

Assessee by :	Shri Nikhil Rungta, Advocate
Revenue by :	Shri Arun Kanti Datta, CIT, D/R

सुनवाई की तारीख/**Date of Hearing** : **16/07/2025**

घोषणा की तारीख /**Date of Pronouncement**: **22/07/2025**

**आदेश/ORDER**

**PER NARENDRA KUMAR BILLAIYA, AM:**

This appeal by the revenue is preferred against the order of the ld. CIT(A)-51, Mumbai [hereinafter 'the CIT(A)'] dated 26/03/2024 pertaining to AY 2019-20.

2. The grievance of the revenue reads as under:-

*"1. Whether on the facts and circumstances of the case and in law, the Ld. CIMA) has erred in deleting the addition of Rs. 4,99,60,268/- made by the AO as undisclosed Foreign Asset as per the Black Money/UFIA) and imposition of Tax Act, 2015, without considering the facts that the assessee was a economic beneficial owner and ultimate beneficial owner of the Shares in St. Ives International Ltd, which was the undisclosed foreign asset within the meaning of section 2(11) of the Black Money (UFI&A) & Imposition of Tax Act, 2015 and accordingly as per Rule. 3(1)(c)(u) of the Black Money Act, the AO has calculated the FMV of unquoted Equity Shares at 5,46,631/- Pound Sterling equivalent to Rs. 4,99,60,268/- Foreign Asset as per the Black Money (UFIA) and Imposition of Act, 2015 and charged tax on the same as per section 3(1) of the BMA?"*

2. Whether on the facts and circumstances of the case and in law, the Ld. CIT(A) has erred in deleting the addition of Rs. 4,99,60,268/- made by the AO as undisclosed Foreign Asset as per the Black Money(UPIA) and imposition of Tax Act, 2015, without considering the facts that the assessee had not disclosed the investment in shares of St. Ives International Ltd, in return income filed from A.Y. 2012-13 onwards and also no declaration had been made under chapter VI of the Black Money (UEI & A) & Imposition of Tax Act 2015 and that no satisfactory explanation had been offered by the assessee regarding source of the investment in the shares of St. Ives International Ltd, located at Guernsey Outside India?

3. Whether on the facts and circumstances of the of the case and in law, the Ld. CIT(A) was right in holding that the impugned 1000 shares of St. Ives International Ltd was received as a gift from his non-resident brother Sh. Aroind Apte by the assessee during the F.Y. 1995-96 and 1996-97, whereas. no gift tax return had been filed by the assessee and so there was no documentary evidence to show that the shares had been received by way of a gift and without consideration?

4. The Appellant craves, leave to add, alter amend and /or withdraw any grounds (s) of appeal either before or during the course of hearing of the appeal."

3. Representatives were heard at length. Case records carefully perused and the relevant documentary evidence brought on record duly considered in the light of Rule 18(6) of the ITAT Rules, 1963.

4. Briefly stated the facts of the case are that the intelligence report with regard to the foreign asset of Shri Madhav Laxman Apte was received in the office of DDIT (Inv.) – 4(1), Mumbai. The intelligence summary is as under:-

"A Guernsey based financial service provider (ISP) provide resident agent, secretary & directors to APTE'S Guersey registered company, St. ves International Limited. St. Ives has held a property, Flat 31 Lords View One, St. Johns Wood, London NW8 7HL since 1991 and which is tenanted. APTE is 83 yrs old and an Indian tax resident; however. under The Undisclosed Foreign Income and Assets (Imposition of New Tax) Bill, 2015 APTE did not disclose his foreign assets within the amnesty time frame. In light also of Common Reporting Standards, and ultimately being reported to the Indian Tax authorities in 2017, APTE is looking to dispose of his shares in St. Ives at a loss to an Individual who will hold these shares as nominee for him."

5. The residential status of the assessee as per AY 2010-11 to AY 2019-20 was "Resident". As per the return filed by the assessee, he has never disclosed his offshore banks/income/asset in the schedule FA of his ITR from AY 2012-13 to till date. This is the allegation of the revenue. It was also alleged that the assessee is 100% beneficial owner as a shareholder of 1000 shares of St. Ives International Limited, Guernsey, each share of value 1.00 GBP, through two nominees i.e., Trident Nominees (No. 1) Limited formerly Trident Nominees (Guernsey) Limited and Trident Nominees (No. 2) Limited formerly Western House Nominees Limited. FT& TR reference were made to the Government of the Republic of Guernsey in the case of the assessee in accordance with the tax information exchange agreement signed between Guernsey and India. In the said reference information about the foreign bank accounts/interests/assets/investments of assessee, details about relationship between the assessee and St. Ives International Limited, Guernsey, details of ownership/directors/shareholders/ultimate beneficial owners/financials of St. Ives International Limited and details of property, Flat No. 31, Lords View One, St. Johns Wood, London NW8 7HL, were requested from the Guernsey Tax Authorities.

5.1. Information was received from Guernsey Tax Jurisdiction providing various details as called for. On perusal of the information that was gathered that Trident Trust Company (Guernsey) Ltd., acted as a corporate service provider and carried out directorship and administrative services for St. Ives International Limited, from June,

2009 until the company was dissolved by way of voluntary liquidation on 18/06/2018. Since the information received from FT&TR clearly showed that the assessee did not disclose foreign assets held abroad, order for concurrent jurisdiction was issued by the Pr. DIT (Inv.) - 1, Mumbai and accordingly notice was duly served to the assessee giving adequate time to explain the source of investments in assets located outside India. On receiving no plausible reply, the AO concluded that the assessee has not disclosed the investment in shares of St. Ives International Limited in his return of income filed for AY 2012-13 to till date, no declaration has been made by the assessee individual or under chapter VI of the Black money (UFI&A) & Imposition of Tax Act, 2015, no satisfactory explanation has been offered by the assessee regarding source of the investment in the shares of St. Ives International Limited, located at Guernsey outside India. The AO accordingly added Rs. 4,99,60,268/- as undisclosed foreign income of the assessee.

6. The addition was challenged before the Id. CIT(A). It was explained that shares of St. Ives International Limited were a gift from assessee's brother late Mr. Arvind Apte, who was a non-resident and it was strongly contended that the beneficial interest in St. Ives International Limited was fully explained and do not fall within the purview of Black Money Act. It was also brought to the notice of the Id. CIT(A) that the beneficial interest in St. Ives International Limited was received by the assessee without any consideration is evident from the letters of Northern Trust and Trident Trust and the documents annexed thereto which were received by the department itself in response to its

FT&TR and was furnished to the assessee by the AO vide e-mail dated 28/07/2021 along with show cause notice. Following relevant details were highlighted by the Id. CIT(A):-

(i) Letter dated 24.01.1995 addressed by Sh. Arvind Apte to DAL stating that he had transferred all the beneficial interest in the holding of one share in St. Ives International Limited held by DAL to his brother Sh. Madhav Apte;

(ii) Letter dated 24.01.1995 addressed by Sh. Arvind Apte to St. Ives International Limited stating that he had transferred all his beneficial interest in St. Ives International Limited to his brother Sh. Madhav Apte.

(iii) Declaration of Trust dated 24.01.1995 made by DAL acknowledging and declaring that it held 1(one) share in St. Ives as nominee and trustee for Late Sh. Madhav Apte;

(iv) Paragraph 6 of Northern Trust's letter dated 07.06.2021 wherein, with reference to Late Sh. Arvind Apte's aforesaid letters dated 24.01.1995, it is stated that Northern Trust did not have any information regarding any consideration having been paid for the beneficial interest in St. Ives International Limited;

(v) Share Transfer Form dated 21.11.1996 evidencing transfer of 999 shares held by BAL in St. Ives International Limited as nominee of Late Sh. Arvind Apte to Arnold Limited without consideration;

(vi) Declaration of Trust dated 13th May 1997 by Arnold Limited declaring that it held 999 shares in St. Ives International Limited as a nominee and trustee of Late Sh. Madhav Apte;

(vii) Paragraph 3(4) of Trident Trust's letter dated 13.05.2021 stating that Share Transfer dated 21.11.1996 indicates transfer of shares from BAL (on behalf of Sh. Arvind Laxman Apte) to Arnold Limited (on behalf of Sh. Madhav Apte) for nil consideration and that Trident Trust had conducted a search of its records and it did not find any information about any consideration being paid in this regard.

7. On perusal of the aforementioned documents, which were obtained by the Department pursuant to the FT&TR reference, the Id. CIT(A) was convinced that the beneficial interest in St. Ives International Limited, was transferred by the brother of the assessee without any consideration. The Id. CIT(A) was also convinced that the

AO has ignored the aforementioned documents though the same were collected by the department itself. On establishing the fact that no consideration was paid and no investment was made by the assessee, the foreign asset cannot be held to be explained and accordingly deleted the addition.

8. After giving a thoughtful consideration to the aforesaid factual matrix, we are also convinced that since the assessee has received the shares of St. Ives International Limited from his brother, no consideration was paid by the assessee. Therefore, the question of explaining the source of investment does not arise. Even in the FAQ issued by the CBDT Circular No. 13/2015, it has been clarified in answer to Question No. 18 that where assets are fully explained, they are not treated as undisclosed foreign assets and should not be declared under Chapter VI of BMA. Considering the facts discussed elsewhere, we do not find any reason to interfere with the findings of the Id. CIT(A). The effective grounds raised by the revenue are dismissed.

9. In the result, appeal of the revenue is dismissed.

**Order pronounced in the Court on 22<sup>nd</sup> July, 2025 at Mumbai.**

*Sd/-*

(ANIKESH BANERJEE)  
JUDICIAL MEMBER

*Sd/-*

(NARENDRA KUMAR BILLAIYA)  
ACCOUNTANT MEMBER

Mumbai, Dated 22/07/2025

*Sd/-*

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आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent
3. संबंधित आयकर आयुक्त / Concerned Pr. CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)-
5. विभागीय प्रतिनिधि ,आयकर अपीलीय अधिकरण, मुंबई /DR,ITAT, Mumbai,
6. गार्ड फाई/ Guard file.

आदेशानुसार/ BY ORDER  
TRUE COPY

Assistant Registrar  
आयकर अपीलीय अधिकरण  
ITAT, Mumbai