

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई।  
IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH: CHENNAI

श्री एबी टी. वर्की, न्यायिक सदस्य एवं सुश्री पदमावती यस, लेखक सदस्य के समक्ष  
BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND  
MS. PADMAVATHY.S, ACCOUNTANT MEMBER

BMA No.02/Chny/2025  
Assessment Year: 2019-20

Subramanian Kasinathan,  
10-A, Narasimmapuram,  
Mylapore,  
Chennai – 600 004.  
PAN: AAHPK 8014B

The Dy. Commissioner of Income  
Tax (Investigation),  
Unit-2(3),  
Chennai

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by  
प्रत्यर्थी की ओर से /Respondent by

: Mr. S. Venkataram, C.A  
: Ms. R. Anitha, Addl.CIT

सुनवाई की तारीख/Date of Hearing  
घोषणा की तारीख /Date of Pronouncement

: 04.02.2026  
: 11.02.2026

**आदेश / ORDER**

**PER PADMAVATHY.S, A.M:**

This appeal by the assessee is against the order of the Commissioner of Income Tax (Appeals)-18, Chennai (in short "CIT(A)") passed u/s. 16 of Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (in short "the Act") dated 25.02.2025 for Assessment Year (AY) 2019-20. The assessee raised the following ground of appeal:

*"1. The Commissioner of Income Tax (Appeals) (the "CIT(A)") erred both in law and in facts in passing the order under section 16 of the Black Monies Act (Undisclosed Foreign Income and Assets) Imposition Act, 2015 (the "Act").*

*2. The CIT(A) erred in upholding that the assessment order was passed within the time limit under Section 11 of the Act, on the basis that if the period related to the*

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*exchange of information was excluded, the assessment was completed within the prescribed time limit, however, the Appellant was not provided with any evidence or proof of the date on which the reference for the exchange of information was made.*

*3. That the CIT(A) failed to appreciate the fact that the foreign bank accounts in question were opened and operated during the Appellant's employment in Hong Kong from 1995 and were funded entirely from income earned outside India.*

*4. The CIT(A) erred in law by not considering that assets acquired by an individual while being a non-resident of India are specifically excluded from the scope of "undisclosed assets" under the Act, provided such assets are not acquired from income chargeable to tax in India.*

*5. The CIT(A) further erred in concluding that the Appellant failed to offer a satisfactory explanation for the source of investment in the foreign asset, despite the Appellant furnishing a clear and credible explanation substantiating the origin of funds from foreign income earned during the period of non-residency.*

*6. The CIT(A) erred in law in holding that the asset situated outside India constituted an undisclosed asset, on the ground that the assessee failed to offer any explanation regarding the source of investment. The Appellant respectfully submits that a proper and bona fide explanation, duly supported by evidence, was in fact provided to establish the source of the credits in the foreign bank accounts.*

*7. That the CIT(A) failed to appreciate judicial principles and CBDT Circulars which state that bonafide foreign assets created out of tax-paid or exempt foreign income while the assessee was a non-resident cannot be brought to tax under the Act.*

*8. That the CIT(A) erred in upholding the addition of credits excluding, USD 41,683.34/-, as discussed in paragraph 5.5.8 of the impugned order without assigning any reasons for rejecting the Appellant's explanation. The Appellant had clearly submitted that the said credits represented income earned and received entirely from outside India. In the absence of any cogent reasoning, the impugned order fails the test of a speaking order.*

*9. The CIT(A) despite observing in paragraph 5.5.2 of the impugned order that mere unavailability of the older statements cannot justify assuming the opening balance of the bank accounts as undisclosed asset, failed to exclude the bank credits for which the opening balance was presumed by the AO as unexplained assets.*

*10. The CIT(A) erred in law by upholding the levy of interest under Sections 2348 and 234C on the alleged undisclosed foreign income, despite the fact that no advance tax liability arose in respect of such income.*

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*11. The Appellant craves leave to add, alter, amend or withdraw any of the above grounds at the time of hearing.*

*12. In light of the above, it is humbly prayed that the foreign bank credits of the Appellant be not treated as undisclosed asset/income.”*

2. The assessee is an individual and filed a return of income for A.Y 2019-20 declaring an income of Rs. 4,22,210/-. In the schedule-FA of the income tax return, the assessee has not declared the details of assets held outside India. The DDIT (Inv.) received information that the assessee is the beneficial owner of certain foreign assets i.e., bank account in HSBC, Hong Kong. It is also noticed that the assessee has received interest on the said bank account which is not offered to tax in India. The A.O therefore initiated proceedings under the Act. The assessee submitted that the account was opened when the assessee was employed with M/s. PAN Africa Shippers Ltd., in Hong Kong from 1995-2005 and that during the course of employment the salary received by the assessee was credited to the said bank. The assessee further submitted that he has returned to India by the end of 2005 and out of the accumulated saving of USD 3,50,000, the assessee has repatriated USD 2,95,000 upon his return to India. The assessee also submitted that the balance amount was left in the Hong Kong bank account to meet his daughter's educational expenses. The assessee accordingly submitted that the balance lying in the bank account in Hong Kong is not an undisclosed foreign asset and the balance lying in the said bank account is sourced from the salary received by the assessee during his employment in Hong Kong. The A.O called on the assessee to furnish the bank account statement of the HSBC Bank to substantiate the claim that the salary income received by him is credited to the said bank account. Since the assessee could not submit the bank account, the A.O made a reference for exchange of information as per section 90 of the Income Tax Act. Based on the information received from

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the competent authority, the A.O noticed that the assessee has received certain credits in the said bank account during the year under consideration and accordingly called on the assessee to provide the details. The assessee explained the major credit pertain to the return of fee by the university since the admission of his daughter did not go through due to Covid pandemic. The assessee further submitted that the other small credits in the form pertained to interest. The A.O held that he was not satisfied with the explanation provided with regard to the credits in the undisclosed bank account and accordingly made an addition of Rs. 65,83,273/- towards credits and Rs.12,719/- towards interest. Aggrieved, the assessee filed further appeal before the CIT(A). The CIT(A) gave partial relief to the assessee by directing the A.O to exclude the amount of USD 41,683.34 being fees paid and returned towards his daughter's education. The assessee is in appeal before the Tribunal against the order of the CIT(A).

3. The Ld. Authorized Representative (AR) of the assessee submitted that the credits in the bank account are sourced from the salary earned by the assessee during his employment in Hong Kong from 1995 to 2005. The ld. AR submitted that during the proceedings for AY 2019-20 the details of bank accounts when the salary income was credited to the assessee's account was called for by the A.O and due to lapse of time of 14 years, the assessee could not submit the same. The Ld. AR drew our attention to the fact that even the A.O could obtain the statements only from 2017 through exchange of information from the competent authorities. The Ld. AR argued that the source of funds stands fully explained by the assessee through employment record, Hong Kong tax assessment orders, passport details, employer conformation etc. which have not been properly examined by the lower

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authorities. The Ld. AR during the course of hearing also submitted certain additional evidences and prayed that these additional evidences would further substantiate the claim of the assessee with regard to the source and the repatriation to India and accordingly prayed for the admission of the same.

4. The Ld. Departmental Representative (DR), on the other hand, submitted that the assessee has not fully explained details of the credits in the bank account of the assessee and could not submit the bank statements to substantiate the claim that the amount credited are sourced from the salary earned during his employment in Hong Kong. Accordingly, the Ld. DR relied on the orders of the lower authorities.

5. We have heard the parties, and perused the material available on record. The A.O initiated the proceedings under the Act for the reason that the assessee has not disclosed the foreign bank account held with HSBC, Hong Kong in Schedule FA of the income tax return. The claim of the assessee before the A.O was that the credits to the bank account are sourced from his salary income earned during his employment in Hong Kong from 1995 to 2005. The assessee further submitted before the A.O that majority of the funds accumulated was repatriated to India on his return in the year 2005 and a small balance was left for the education of his daughter. The reason for the A.O to make the addition u/s. 10 of the Act was that the assessee could not substantiate with proper documentary evidences explaining the source for the entries in the bank account of the assessee. However, we notice that the assessee before the A.O has submitted various details such as the employment letter, income tax assessment orders passed by the tax authorities at Hong Kong etc. and that the A.O has not recorded any findings with regard to these

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documentary evidences. During the course of hearing our attention was drawn to the summery of the bank account details from which it is noticed that there is no major movement in the bank account except small interest credits. We further notice that the major credit in the account is matching with the amount withdrawn by the assessee earlier and the CIT(A) has accepted the submission of the assessee that the withdrawal and subsequent return pertain to the payment of fees towards assessee's daughter's education. With regard to additions made by the A.O, the additional evidences now produced go the root of the issue. For a proper adjudication of the issue and for substantial cause, the additional evidence is admitted and taken on record. As already stated the A.O has not recorded any finding with regard to the documentary evidences furnished by the assessee. Further, the additional evidences not submitted by the assessee substantiating the source also needs verification. Considering the facts and circumstances, we deem it fit to remit the appeal back to the A.O for consideration afresh of the impugned additions based on the documentary evidences and decide in accordance with law. Needless to say that the assessee may be given a proper opportunity of being heard. It is ordered accordingly.

6. In the result, the appeal of the assessee is allowed for statistical purposes.

*Order pronounced on 11<sup>th</sup> day of February, 2026 at Chennai.*

Sd/-  
(एबी टी. वर्की)  
(ABY. T. Varkey)

**न्यायिक सदस्य / Judicial Member**

Sd/-  
(पदमव्रती यस)  
(Padmavathy.S)

**लेखा सदस्य / Accountant Member**

चेन्नई/Chennai, दिनांक/Dated: 11<sup>th</sup> February, 2026.

EDN, Sr. P.S

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आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF