

Beneficiaries not Taxable for Fund invested by Trust in Swiss Bank: ITAT

Deepak b shah vs. ACIT Mumbai

Case No. – 6065 /Mum/2014

Date -30.10.2018

Fact of the Case

1. In the present case the Income Tax Department sought to tax fund lying in a Swiss bank account as “Unaccounted Income” in the hands of two residents of Mumbai.
2. The appellants maintained account in Swiss Bank stated that they had no contribution in the said account as because the said account is a discretionary Trust Account.
3. The A.O imposed tax by adding the balance maintained in Swiss Bank to the income of the said appellants.

Decision of the Case

1. The discretionary trust did not made any distribution of fund to the beneficiaries.
2. The appellants did not make any contribution to the said account.
3. So the Tribunal held that since the Swiss Bank account was owned & operated by an offshore discretionary trust in which two individuals are named as beneficiaries ,the income could not be taxed in their hands unless & until the funds were distributed by the Trust.