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INCOME-TAX ACT, 2025

Chapter VI: AGGREGATION OF INCOME

Section 102 - Unexplained credits.

(1) Where any sum is found credited in the books of an assessee maintained for any tax year, and––

(a) the assessee offers no explanation about the nature and source of such credit; or

(b) the explanation offered about the nature and source of such credit by assessee is not satisfactory in the opinion of the Assessing Officer,

then, the sum so credited shall be charged to income-tax as income of the assessee of that tax year.

(2) For the purposes of sub-section (1), where the sum so credited consists of loan or borrowing or any such amount, by whatever name called, the explanation offered by such assessee shall be deemed to be not satisfactory, unless,—

(a) the person in whose name such credit is recorded in the books of such assessee also offers an explanation about the nature and source of such sum so credited; and

(b) such explanation in the opinion of the Assessing Officer has been found to be satisfactory.

(3) For the purposes of sub-section (1), where the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium or any such amount, by whatever name called, the explanation offered by such assessee company shall be deemed to be not satisfactory, unless—

(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and

(b) such explanation, in the opinion of the Assessing Officer has been found to be satisfactory.

(4) Nothing contained in sub-section (2) or (3) shall apply if the person, in whose name the sum referred to in those sub-sections is recorded, is a venture capital fund or a venture capital company as referred to in Schedule V (Table: Sl. No. 6).

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