Bathina Srilakshmi v. Income Tax Officer, Ward-2, Nellore & Anr.

I.T.T.A. No. 53 of 2025

I.T.T.A. No. 53 of 2025 (AP HC, decided 06.03.2026) | 2026-03-06

Cash-gift explanation rejected because the donor's available funds were unproved and the taxpayer's explanation changed.

High Court of Andhra Pradesh | 2-judge bench (Division Bench) | Justice R. Raghunandan Rao | Justice T.C.D. Sekhar

Assessment years: 2014-15

01 FACTS OF THE CASE

Bathina Srilakshmi challenged the ITAT order dated 16 May 2025 in ITA 83/Hyd/2019 for AY 2014-15. A cash deficit of Rs.1,82,34,150 arose on 26 March 2014. She claimed gifts of about Rs.1.83 crore. The AO record initially referred to self-signed vouchers for gifts from others; the appellate explanation relied on a grandmother's gift and withdrawal of Rs.3.5 crore from R. R. Estates Projects.

Source: PDF pp.3–5

02 DISCUSSION BY THE HON'BLE COURT

The CIT(A) had accepted the explanation, but the Tribunal found the grandmother's capacity unproved. The Court noted the lack of evidence supporting the claimed funds, the firm's non-filing of its return for the relevant year, and the changed explanation. A declaration did not establish the availability of money needed to explain the cash position.

Source: PDF pp.5–6, para 8

03 JUDICIAL DECISION

The assessee's appeal was dismissed without costs.

Source: PDF p.6, para 9

04 OUTCOME / IN WHOSE FAVOUR

The Tribunal's rejection of the gift explanation remained intact.

Source: PDF pp.5–6

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

The cash chronology and the donor's funds needed to connect: The deficit and asserted gift were not interchangeable figures. The explanation had to show funds available to the donor and their transfer in time to explain the taxpayer's cash position. A family relationship or declaration did not supply that missing financial link. (PDF pp.3–6)

The changed explanation weakened the evidentiary account: The AO-stage description of gifts from others differed from the later grandmother-based case. That inconsistency mattered together with the lack of capacity evidence. The decision is not a rule invalidating every family cash gift, nor a holding that a firm's failure to file a return alone conclusively proves that no money existed. (PDF pp.4–6, para 8)

Use the limited factual holding: The Court upheld the Tribunal's view of the explanation and evidence. The source does not identify a specific charging section for the addition, so one should not substitute section 68,69 or 69A by assumption. For a comparable case, contemporaneous donor records and the actual assessment provision must be obtained from the underlying proceedings. (PDF pp.5–6, paras 8–9)

Source: PDF pp.3–6

SOURCE & VERIFICATION

Original judgment PDF (20260305_APHC010484212025.pdf)

All 8 original pages read and visually reviewed; source hash verified.

Source and all five panels checked on 21 October 2026.

Open cited source rendition

STATUTORY SCOPE

Only provisions expressly stated in this order are indexed. Subsequent treatment and current law have not been independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.