Sri Rajesh Rawtani, Prop. Zedds, The Show Shoppe, Hyderabad v. The Income Tax Officer, Ward-6(1), Hyderabad

Income Tax Tribunal Appeal No. 278 of 2010 (in ITAT ITA No. 719/Hyd/2008)

I.T.T.A. No. 278 of 2010 (Telangana HC, decided 17.12.2025) | 2025-12-17

Prior-year stock and double-taxation explanation failed for want of purchase, stock and sales evidence.

Income-tax Act,1961: sections 44AF, 69, 234B, 234C, 260A

High Court for the State of Telangana | 2-judge bench (Division Bench) | Justice P. Sam Koshy | Justice Suddala Chalapathi Rao

Assessment years: 2004-05

01 FACTS OF THE CASE

Rajesh Rawtani, a footwear trader, appealed the ITAT order of 18 December 2009 in ITA 719/Hyd/2008. He claimed that goods bought outside the books in earlier years had already been assessed and could not be taxed again in AY 2004-05. The quoted Tribunal finding records excess liability of Rs.22,83,829.

Source: PDF pp.1–3, 9

02 DISCUSSION BY THE HON'BLE COURT

The assessee invoked returns on a 5% turnover basis under section 44AF and attributed creditor differences to earlier unrecorded purchases and stock. The CIT(A) had obtained a remand report, but purchase, stock and sales registers were not produced. The quoted orders distinguished earlier estimated trading profit from an unproved claim that the same stock remained available.

Source: PDF pp.4–9, paras 7–15

03 JUDICIAL DECISION

The Court found no cogent material supporting the explanation and relied on the concurrent factual findings. It declined interference and answered the question for Revenue.

Source: PDF pp.9–10, paras 16–18

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeal dismissed; the assessment and appellate orders affirmed. Pending miscellaneous petitions closed without costs.

Source: PDF p.10, paras 18–19

05 EXPERT COMMENTS

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

Trace the alleged overlap before asserting double taxation: The missing link was proof that the outstanding liability and stock in AY 2004-05 represented the same purchases already dealt with in earlier assessments. A year-by-year reconciliation of purchases, sales, closing stock and creditor balances would address that factual issue. A general statement that prior-year transactions were taxed could not establish identity of the amount taxed again. (PDF pp.7–9, paras 12–16)

Earlier profit estimation did not prove surviving stock: The CIT(A) extract describes profit estimation on unrecorded transactions; the Tribunal extract says availability of the alleged earlier stock was not established despite remand opportunity. These passages should be read with that evidentiary failure. The judgment does not create a general permission to tax the same proven income twice or fix a universal profit rate for unrecorded purchases. (PDF pp.7–9, paras 13–15)

Keep the appeal year and amounts distinct: AY 2004-05 is the appeal year. The question refers to AYs 2001-02 to 2003-04, while the CIT(A) extract includes 2000-01; those references are historical, not extra appeals decided here. The Rs.22,83,829 excess liability is also distinct from the tax-and-interest demand and the stay application figures. None should be substituted for another. (PDF pp.1, 3–4, 7–10)

Source: PDF pp.7–9, paras12–16

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 11-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not 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.

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