

Parimisetti Seetharamamma v. Commissioner of Income-tax, Hyderabad

Civil Appeals Nos. 199 to 202 of 1964

[1966] 1 SCR 8 | 1965-04-21

Unexplained or disputed receipts: the Revenue bore the burden of proving disclosed gifts were taxable income, and suspicion did not establish remuneration for services.

Indian Income-tax Act, 1922: sections 3, 4, 4(3)(vii), 34 and 66

3-judge bench | K. Subba Rao, J. | J. C. Shah, J. | S. M. Sikri, J.

Assessment years: 1946-47, 1947-48, 1950-51, 1951-52

Historical receipt and reopening rules

The judgment does not make every claimed gift non-taxable or prevent evidentiary inferences where source or nature is not satisfactorily disclosed. Apply current charging, gift, unexplained-money and reassessment provisions, along with later authorities, to present facts.

01 FACTS OF THE CASE

The assessee, who carried on money-lending and cinema businesses, disclosed that Sita Devi, Maharani of Baroda, had given her jewellery and money out of love and affection. The Income-tax Officer initially accepted the explanation, but later reopened assessments and treated cash, cheques and jewellery received across four relevant years as remuneration for service as a maid-servant or secretary. The first appellate authority and Tribunal substantially agreed, and the Andhra Pradesh High Court placed the burden on the assessee to prove the receipts were voluntary gifts. The Tribunal relied principally on her role in paying Sita Devi's servants and a garage cash memo describing her as 'Private Secretary'.

Source: [Disclosed gifts, reopening, assessments and references: SCR pp.9-12 / PDF pp.2-5](#); [Evidence relied on by the Tribunal and Revenue: SCR pp.15-16 / PDF pp.8-9](#)

02 DISCUSSION BY THE HON'BLE COURT

Sections 3 and 4 imposed tax on income, not on every receipt. When the Revenue says a receipt falls within a charging provision, it bears that burden; only after a receipt is shown to be income does an assessee bear the burden of proving a statutory exemption. The Court distinguished cases involving claimed deductions and receipts whose source and nature were not satisfactorily explained. Here, the source and asserted gift nature were disclosed and the source was undisputed. The Department's ex parte information had no evidentiary value, and the two circumstances accepted by the Tribunal showed at most association or agency, not that substantial transfers were remuneration. Other circumstances suggested by Revenue were unsupported, irrelevant or incapable of proving service consideration. A finding reached by wrongly placing the burden on the assessee and relying on suspicion was not binding in the reference.

Source: [Revenue's initial burden and distinction between charging and exemption: SCR pp.12-14 / PDF pp.5-7](#); [Insufficiency of suspicion and alleged service evidence: SCR pp.15-16 / PDF pp.8-9](#)

03 JUDICIAL DECISION

Rather than remand the long-pending matter, the Court examined the record and held that the receipts in the relevant years were not proved assessable to tax. It found it unnecessary to decide whether section 34 reopening was valid. The four appeals were allowed, with the Commissioner directed to pay the assessee's costs in the Supreme Court and High Court, with one hearing fee.

Source: [Decision to determine merits rather than remand: SCR p.14 / PDF p.7](#); [Receipts held not assessable; reopening left undecided; appeals allowed: SCR p.17 / PDF p.10](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee. The Revenue failed to prove that the disclosed transfers were taxable remuneration, so the assessments on those receipts could not stand. The Court expressly left the section 34 reopening question undecided.

Source: [Merits result and express non-decision on reopening: SCR p.17 / PDF p.10](#)

05 AKHB REVIEW POINT

AKHB analysis: organise a disputed-receipt file around the charging provision and the evidence of source, nature and consideration before turning to exemptions. A disclosed source does not automatically prove a gift, but the Revenue still needs probative material to recharacterise the transfer as remuneration; labels, association and suspicion are not substitutes for evidence. Current advice must separately test today's gift, unexplained-receipt, employment-income and reassessment provisions and any later burden-shifting rules.

Source: [AKHB analysis based on the burden-of-proof and evidentiary reasoning](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Full 10-page SCR report read. The editorial headnote on PDF pp.1-2 was distinguished from Shah J.'s unnumbered judgment beginning on PDF p.2; the assessment history, burden analysis, evidentiary review and operative allowance through PDF p.10 were reviewed.

Open cited source rendition

Exact source bytes, SHA-256 and 10-page count match catalogue asset 1966_1_8_17; every PDF page was read and visually checked.

The judicial text verifies Civil Appeals Nos. 199 to 202 of 1964, decision on 21 April 1965, the three-member bench and AYs 1946-47, 1947-48, 1950-51 and 1951-52; it identifies the reference's mention of AY 1948-49 as an oversight.

No record with the Parimiseti Seetharamamma party identity, the [1966] 1 SCR 8 citation or this decision was found in content/supreme-court-cases.json or the archived reviewed releases.

STATUTORY SCOPE

This decision applies the repealed Indian Income-tax Act, 1922 and its historical gift, casual-receipt and reopening framework. It does not state the current treatment of gifts, unexplained money or employment income under the Income-tax Act, 1961.

LATER TREATMENT

Source checked 2026-10-10. Later treatment of the burden-of-proof principle and the current provisions governing gifts, unexplained receipts and reopening have not been comprehensively checked; no citator or current-law clearance is represented.

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

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