

Sec. 69C additions upheld by HC since assessee failed to prove nature of expenditure incurred through credit cards

Summary – The High Court of Madras in a recent case of Sunil Balasubramaniam Shankar, (the Assessee) held Sec. 69C additions should be confirmed since assessee failed to prove nature of expenditure incurred through credit cards

Facts

- In the course of assessment, the Assessing Officer noted that assessee had allegedly allowed his friend to use his credit cards. On summoning the assessee's friend under section 131 it was found that the friend refused having used assessee's credit card as well as having taken huge loan from the assessee.
- The Assessing Officer thus took the view that since the credit cards were not used by the assessee's friend, the usage of credit card by the assessee was to be taken as unexplained expenditure. He thus added amount in question to assessee's income under section 69.
- The Tribunal confirmed addition made by the Assessing Officer.
- On appeal:

Held

- The HC stated that since suspicion arose in the mind of the Assessing Officer, therefore, the assessee was called upon to prove such credit entries. Despite the opportunity, the assessee failed to prove the credit entries.
- Therefore the HC held that the fact finding body below have rightly added the said amount in the hands of the assessee as unexplained income/expenditure of the assessee. The appeal is devoid of merits and is liable to be dismissed.