

**IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI "C" BENCH : MUMBAI**

**BEFORE SHRI AMIT SHUKLA, JUDICIAL MEMBER
AND
SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER**

ITA No. 2733/Mum/2025
Assessment Year : 2018-19

Asst. Commissioner of Income Tax, Income Tax Office, 1 st Floor, Mohan Plaza, Wayle Nagar, Khadakpada, Kalyan West-421301.	vs.	Chander Arjandas Manwani, Shop No. 81, Opp: Naraindas Hospital, Section 22, Ulhasnagar-421003 PAN : ABPPM2722B
(Appellant)		(Respondent)

For Assessee :	Shri Shashank Mehta
For Revenue :	Mr. Virabhadra S. Mahajan, Sr.DR

Date of Hearing :	05-08-2025
Date of Pronouncement :	25-08-2025

ORDER

PER AMIT SHUKLA, J.M :

The present appeal has been preferred by the Revenue against the order dated 27.01.2025 passed by the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi ["Ld. CIT(A)"], arising from the assessment framed under section 143(3) of the Income-tax Act, 1961 ("the Act") for the Assessment Year 2018-19. In this appeal, the Revenue has assailed the action of the Ld. CIT(A) in deleting the addition of ₹89,00,000/- made by the Assessing Officer under section 68 of the Act, in respect of gifts received by the assessee from his family members. For the sake of clarity and ready reference, the grounds of appeal raised by the Revenue are reproduced

hereunder:-

“1. On the facts and circumstances of the case, the Ld.CIT(A) erred in deleting the total addition of Rs.89,00,000/- u/s.68 of the Act when the creditworthiness of the donors have not been established, as the donors, who are not otherwise having funds at their disposal, receives repayment of loan from the assessee and immediately gifts the same funds back to the assessee.

2. On the facts and circumstances of the case and in law, the ld.CIT (A) erred in failing to observe that different courts have held that the transactions should stand the test of human probability.”

2. The brief facts of the case are that the assessee, an individual, filed his return of income for the Assessment Year 2018-19 declaring a total income of ₹98,70,370/-. The case was selected for scrutiny, and in the course of assessment proceedings, the Assessing Officer noticed that the assessee had introduced fresh capital in his books during the year. On further enquiry, the assessee explained that a substantial part of such capital introduction represented gifts received from certain close relatives. These donors were not outsiders but immediate family members, whose relationship with the assessee stood clearly established and, indeed, fell squarely within the statutory definition of “relative” as contemplated under section 56(2)(vii) of the Act. The particulars of such family members, together with the quantum of gifts received from each, were placed before the Assessing Officer and are tabulated as under:

Sr. No.	Name of the Donor	Relation with Assessee	Amount received as Gift (Rs.)
1	Muskan Karira	Spouse (wife) of brother of Appellant's wife	15,00,000
2	Purshotam Ramrakhiyani	Spouse (Husband) of Appellant's Sister	15,00,000
3	Ramchand Lund	Spouse (Husband) of Appellant's Sister	22,00,000
4	Vashumal Bhathija	Spouse (Husband) of Sister of Appellant's wife	27,00,000
5	Pushpa Bhathija	Sister of Appellant's wife	10,00,000
Total			89,00,000

3. In response to the show-cause notice issued by the Assessing Officer, the assessee furnished a comprehensive set of evidences in order to demonstrate the identity, capacity, and genuineness of the impugned gift transactions. The documentation placed on record was not perfunctory but wide-ranging, covering multiple facets of the donors' financial profile. Specifically, the assessee submitted the following:

- a) Name, PAN, Aadhaar, and residential address of each of the donors, thereby establishing their complete identity within the tax system and beyond.
- b) Gift deeds executed by all the donors, unequivocally evidencing the voluntary character of the gifts and, at the same time, recording the familial relationship between the donors and the assessee.
- c) Copies of bank statements of the donors, reflecting the credit of the amounts in their accounts and the corresponding debit entries showing transfer of such amounts to the assessee, thus substantiating the banking trail.

- d) Computation of income along with acknowledgements of return of income filed by the donors for AY 2018–19, to establish that each donor was an assessed entity within the tax net.
- e) Summaries outlining the nature of the business carried on by each donor, together with an analysis of their earnings over the preceding eight years, explaining the availability of resources which enabled them to extend such gifts.
- f) Copies of Form 26AS for AYs 2013–14 to 2017–18, demonstrating interest income received by the donors from loans advanced to third parties, repayments of which, according to the assessee, constituted the immediate source for making the impugned gifts.
- g) Capital accounts and balance sheets of the donors for the preceding five years, evidencing the fact that loans had indeed been advanced in earlier years and that repayment of such loans provided the liquidity for the gifts.

The thrust of these voluminous evidence was to prove that the assessee has not only established the statutory triad of identity, genuineness, and creditworthiness, but also went step further to trace the origin of funds in the hands of each donor.

4. The Assessing Officer, however, after scrutinising the above materials, proceeded to record certain adverse observations with respect to each of the donors. His analysis was predominantly focused on doubting the creditworthiness of the donors, emphasising that their declared incomes were meagre and that the funds used for making the gifts were received only a few days

prior from third parties. In his view, this proximate nexus between inflow and outflow suggested that the donors lacked independent financial strength, and therefore the gifts were not genuine. On this reasoning, the Assessing Officer invoked the provisions of section 68 of the Act and treated the entire sum of ₹89 lakhs as unexplained cash credit.

Since these findings form the substratum of the addition made by the Assessing Officer, the relevant extracts of his observations in respect of each donor are reproduced hereunder:-

(i) *"The assessee has taken gift of Rs.15,00,000/- from **Muskan Anil Kharira**. The assessee submitted bank account statement, computation of income, copy of gift deed, copy of PAN and Aadhar as identity proof and copy of acknowledgement of filing of return of income and also furnish reply as reproduced as under:-*

- *The donor is showing very meagre income of Rs.1,73,700/- from business income on presumptive basis. The returned total income of the donor is Rs.5,01,535/-.*
- *The gift amount was not lying as balance in the bank account.*
- *Rather it is seen that the amount was transferred from some another person's account and the same was gifted to the assessee. It is also seen that the bank account was opened on 17.04.2017.*
- *The source of the amount that was transferred in the account of the donor is not clear. From perusal of the income shown in the return of income it is seen that a person of so low income can hardly save so much amount. Thus the creditworthiness of the donor is not proved.*
- *Previous 8 year submissions also show that at no time such large amount could have been part of justification was provided as to why they obtained all the money at one go.*
- *The source of the amount that was transferred in the account of the donor is not clear. From perusal of the income shown in the return of income it is seen that a person of so low income*

can hardly save so much amount. Thus, the creditworthiness of the donor is not proved.

(ii) The assessee has taken gift of Rs.27,00,000/- from **Sri Vashumal Wadhupal Bhathija**. The assessee submitted bank account statement, computation of income, copy of gift deed, copy of PAN and Aadhar as identity proof and copy of acknowledgement of filing of return of income and also furnish reply as reproduced as under:-

- The donor is showing very meager income of Rs.1,66,250/- from business income on presumptive basis.
- The gift amount was not lying in as balance in the bank account.
- Rather it is seen from bank statement submitted that the amount was transferred from some another person's account and the same was gifted to the assessee. And there is only few days bandwidth within which money was received and it was relayed as gift. Upon enquiry no justification was provided as to why such amount got transferred in a specific date.
- Previous 8 years submissions also show that at no time such large amount could have been part of justification was provided as to why they obtained all the money at one go.
- The sources of the amount that was transferred in the account of the donor is not clear. From perusal of the income shown in the return of income it is seen that a person of so low income can hardly save so much amount. Thus the creditworthiness of the donor is not proved.

(iii) The assessee has taken gift of Rs.10,00,000/- from **Smt. Pushpa Vashumal Bhathija**. The assessee submitted bank account statement, computation of income, copy of gift deed, copy of PAN and Aadhar as identity proof and copy of acknowledgement of filing of return of income and also furnish reply which is reproduced as under:-

- The donor is showing very meager income of Rs.2,05,000/- from business income on presumptive basis. The returned total income of the donor is Rs.4,38,979/-.

- The gift amount was not lying in as balance in the bank account.
- Rather it is seen that the amount was transferred from some another person's account and the same was gifted to the assessee.
- Previous 8 years submissions also show that at no time such large amount could have been part of justification was provided as to why they obtained all the money at one go.
- The sources of the amount that was transferred in the account of the donor are not clear. From perusal of the income shown in the return of income it is seen that a person of so low income can hardly save so much amount. Thus the creditworthiness of the donor is not proved.

(iv) The assessee has taken gift of Rs.22,00,000/- from **Sri Ramchandra Ladhmal**. The assessee submitted bank account statement, computation of income, copy of gift deed, copy of PAN and Aadhar as identity proof and copy of acknowledgement of filing of return of income and also furnish reply which is reproduced as under:

- The donor is showing very meagre income of Rs.2,27,450/- from business income on presumptive basis. The returned total income of the donor is Rs.5,39,240/-.
- The gift amount was not lying in as balance in the bank account.
- Rather it is seen that the amount was transferred from some another person's account and the same was gifted to the assessee immediately after receiving the said amount.
- Previous 8 year submissions also show that at no time such large amount could have been part of income and no justification was provided as to why they obtained all the money at one go.
- The sources of the amount that was transferred in the account of the donor are not clear. From perusal of the income shown in the return of income it is seen that a person of so low income can hardly save so much amount. Thus, the creditworthiness of the donor is not proved.”

5. The Ld. CIT(A) has deleted the said addition after analyzing all the details, documentary evidences and the source of the funds of the donors in the following manner:

“The assessee during the course of assessment proceedings has submitted the returns of income of all the donors, their bank statements, gift deeds, copy of capital account and balance sheets, summary of details of business carried out by them etc. All the transactions are routed through the bank accounts of the donors and the assessee. The assessing officer made the addition mainly on the basis of the creditworthiness of the donors. Let us examine all three conditions as required by section 68 of the Income Tax Act of each donor one by one in the following paragraphs based on the submissions made by the assessee before the assessing officer and the undersigned.

1. Smt. Muskan Karira (Rs. 15,00,000)

This donor has been regularly filing the returns of income. From the returns of income it is also seen that this donor has shown income under the head of business and other sources 5 lakhs every year on an average for the past eight years. The assessee submitted before the assessing officer that the gift given by this donor to the assessee was out of the repayment of loan of 23,98,781 on 20/03/2018 from M/s Mohit Liquor. The assessee further submitted before the Assessing Officer that this donor has advanced loan to M/s Mohit liquor earlier and the interest received on this loan was regularly offered every year by this donor in his return of income and TDS was also deducted. This fact is confirmed from the bank statement filed by the assessee before the assessing officer of the bank account of this donor. From the bank statement it is seen that the donor has received an amount of 23,98,781 on 20/03/2018 and from this amount has transferred to the bank account of the assessee on 22/03/2018 of 15 lakhs. Here, assessee has gone one step further and even explained the source of the funds in the hands of this donor.

Hence, in the case of this gift transaction, all three conditions such as identity of the creditor, genuineness of the transaction and the

creditworthiness of the creditor are already proved by the assessee before the Assessing Officer. Despite these evidences, Assessing Officer ignored and gave a finding that creditworthiness is not proved just by saying that the meager amounts of income is offered in the return of income by the donor Ms. Muskan Karira. The same documents produced before the Assessing Officer is also submitted before me and from these documents, I don't find any reason to justify the action of the Assessing Officer in making addition of this amount of Rs. 15,00,000/- u/s 68 and hence this addition is deleted.

2. Shri. Vasumal Bhathija (Rs. 27,00,000)

This donor also is regularly filing the returns of income. In this case also, from the returns of income it is also seen that this donor has shown income under the head of business and other sources 4 lakhs every year on an average for the past eight years. The assessee submitted before the assessing officer that the gift given by this donor to the assessee was out of the repayment of loan of 17,19,623/- on 17/01/2018 from M/s Mohit Liquor and the remaining was out of the loan received from Vashumal Bathija HUF of Rs 22,00,000/-. The assessee further submitted before the Assessing Officer that this donor has advanced loan to M/s Mohit liquor earlier and the interest received on this loan was regularly offered every year by this donor in his return of income and TDS deducted. This fact is confirmed from the bank statement filed by the assessee before the assessing officer of the bank account of this donor. From the bank statement it is seen that the donor has received an amount of 17,19,623/- on 17/01/2018 and Rs. 34,00,000/- (from 2 persons including 22 lacs from Vashumal HUF) on 19/01/2018 and from this amount has transferred to the bank account of the assessee on 19/01/2018 of 27 lakhs. Here, assessee has gone one step further and even explained the source of the funds in the hands of this donor.

Hence, in the case of this gift transaction, all three conditions such as identity of the creditor, genuineness of the transaction and the creditworthiness of the creditor are already proved by the assessee before the Assessing Officer. Despite these evidences, Assessing Officer in the case of this donor also ignored and gave a finding that creditworthiness is not proved just by saying that the

meagre amounts of income is offered in the return of income by the donor Ms. Vashumal Bathija. The same documents produced before the Assessing Officer is also submitted before me and from these documents, I don't find any reason to justify the action of the Assessing Officer in making addition of this amount of Rs. 27,00,000/- u/s 68 and hence this addition is deleted.

3. Pushpa Bathija: Rs. 10,00,000/-

It is seen that Smt. Pushpa Bathija is regularly filing the returns of income. The assessee submitted before the assessing officer that the gift given by this donor to the assessee was out of the repayment of loan of 18,82,285/- on 17/01/2018 from M/s Mohit Liquor. The assessee further submitted before the Assessing Officer that this donor has advanced loan to M/s Mohit liquor earlier and the interest received on this loan was regularly offered every year by this donor in his return of income and TDS deducted. This fact is confirmed from the bank statement filed by the assessee before the assessing officer of the bank account of this donor. From the bank statement of Smt. Pushpa it is seen that the donor has received an amount of 18,82,285/- on 17/01/2018. Here, assessee has gone one step further and even explained the source of the funds in the hands of this donor.

Hence, in the case of this gift transaction, all three conditions such as identity of the creditor, genuineness of the transaction and the creditworthiness of the creditor are already proved by the assessee before the Assessing Officer. Despite these evidences, Assessing Officer in the case of this donor also ignored and gave a finding that creditworthiness is not proved just by saying that the meagre amounts of income is offered in the return of income by the donor Ms. Pushpa Bathija. The same documents produced before the Assessing Officer are also submitted before me and from these documents, I don't find any reason to justify the action of the Assessing Officer in making addition of this amount of Rs. 10,00,000/- u/s 68 and hence this addition is deleted

4. Ramchand Lund Rs. 22,00,000/

Shri. Ramchand Lund is regularly filing his returns of income. In this case also, from the returns of income it is also seen that this donor has shown income under the head of business and other

sources 5 lakhs every year on an average for the past eight years. The assessee submitted before the assessing officer that the gift given by this donor to the assessee was out of the repayment of loan of 10,28,946/- on 14/03/2018 from M/s Mohit Liquor and of Rs. 14,82,957/- on 14/03/2018 from M/s. Mahadev Agencies. The assessee further submitted before the Assessing Officer that this donor has advanced loan to these parties earlier and the interest received on these loans was regularly offered every year by this donor in his return of income and TDS deducted. This fact is confirmed from the bank statement filed by the assessee before the assessing officer of the bank account of this donor. From the bank statement it is seen that the donor has received amounts of Rs. 10,28,946/- and Rs. 14,82,957/- on 14/03/2018 and from this amount has transferred to the bank account of the assessee on 15/03/2018 of Rs. 22 lakhs. Here, assessee has gone one step further and even explained the source of the funds in the hands of this donor.

Hence, in the case of this gift transaction also, all three conditions such as identity of the creditor, genuineness of the transaction and the creditworthiness of the creditor are already proved by the assessee before the Assessing Officer. Despite these evidences, Assessing Officer in the case of this donor also ignored and gave a finding that creditworthiness is not proved just by saying that the meagre amounts of income is offered in the return of income by the donor Shri. Ramchand Lund. The same documents produced before the Assessing Officer is also submitted before me and from these documents, I don't find any reason to justify the action of the Assessing Officer in making addition of this amount of Rs. 22,00,000/- u/s 68 and hence this addition is deleted.

5. Purshottam Ramkriyani Rs. 15,00,000/-

It is seen from the submissions that returns of income are regularly filed by this donor Purshottam Ramkriyani HUF for the past 8 years. The assessee submitted before the assessing officer that the gift received by the assessee from the donor is out of the loan received from Purshottam Ramkriyani HUF which is reflected in the bank statement of the donor Shri. Purshottam Ramkriyani. This fact is confirmed from the bank statement filed by the assessee before the assessing officer of the bank account of this donor. From

the bank statement it is seen that the donor has received an amount of 20,00,000/- from Ramkriyani Purshottam HUF on 15/01/2018 and an amount of Rs. 15,00,000 was transferred out of this funds to the assessee on 15/01/2018 as gift. Here, assessee has gone one step further and even explained the source of the funds in the hands of this donor.

Hence, in the case of this gift transaction also, all three conditions such as identity of the creditor, genuineness of the transaction and the creditworthiness of the creditor are already proved by the assessee before the Assessing Officer. Despite these evidences, Assessing Officer in the case of this donor also ignored and gave a finding that creditworthiness is not proved just by saying that the meagre amounts of income is offered in the return of income by the donor Shri. Purshottam Ramkriyani. The same documents produced before the Assessing Officer is also submitted before me and from these documents, I don't find any reason to justify the action of the Assessing Officer in making addition of this amount of Rs. 15,00,000/- u/s 68 and hence this addition is deleted.

6. Further Hon'ble jurisdictional Bombay High Court in the case of *Gaurav Triyugi Singh v. Income Tax Officer 24(3)(1) [2020] 121 taxmann.com 86 (Bombay)* has given a finding regarding the necessity for the revenue to bring material once taxpayer has discharged his onus. The head note of the (taxmann) judgement is given below:

'Where assessee had received unsecured loan of certain amount from an individual, since loan amount was received by assessee through cheque and there was no dispute as to identity of creditor and genuineness of transaction and revenue could not prove or bring any material to impeach source of credit, no addition under section 68 could be made on account of this loan amount.'

The Assessing Officer however has not brought any material to impeach the source of credit but only made addition just by commenting that the donors are offering meagre income in their returns of income and not actually proved that these donors do not have sufficient source. On the other hand, the assessee has proved the source of the donors also before the Assessing Officer, which the AO has not commented or examined.

7. Similarly, Hon'ble jurisdictional Bombay High Court in the case of *Pr. CIT v. Veedhata Towers (P.) Ltd. [2018] 403 ITR 415 (Bom)*,

has held that assessee is only required to explain the source of the credit. In the present case, the assessee submitted the explanation for the source of the credit and offered substantial evidence in the form of documents like bank statements of the donors to explain the source of the gifts received from them. Infact in this case, assessee had one step further and explained source of source, which in fact actually is not necessary as per this decision of Hon'ble High Court

7. Conclusion:

It is seen that the assessee Shri. Chander Arjandas Manwani has sufficiently discharged his onus u/s 68 of the Income Tax Act regarding the gifts totaling to Rs. 89 lacs received from various persons by satisfying the three conditions of Identity of the donor, genuineness of the transaction and the creditworthiness (or source) of the donors as discussed in detail in the previous paragraphs. Hence, respectfully following the above decisions of Hon'ble Bombay High Court and based on successful discharge of the onus on the part of the assessee required under section 68 of the IT Act, the grounds of appeal of the appellant are hereby allowed and the addition made by the Assessing Officer of Rs. 89,00,000/- is hereby deleted.”

6. We have heard the rival submissions advanced by the learned representatives of both sides, carefully perused the findings recorded in the impugned appellate order of the Ld. CIT(A), and examined the material available on record, including the voluminous paper book filed before us. It is an undisputed fact that the assessee has received gifts aggregating to ₹89,00,000/- from his close family members, the particulars of whom have already been set out in the earlier part of this order. These donors are not remote connections or unrelated third parties but immediate family members of the assessee, who fall squarely within the definition of “relatives” as contained in the proviso to section 56(2)(a), read with the Explanation to clause (vii) of the

Act. By the very scheme of the statute, therefore, gifts received from such relatives do not constitute taxable income in the hands of the recipient. Importantly, the assessee has not rested his case on the statutory position alone but has gone much further in furnishing a complete body of evidence to substantiate the gifts.

7. The relevant documents placed in the paper book are as under:-

3.	Documentary evidences in respect of gift received from Muskan Karira	
a)	Gift Deed dated 17.03.2018 executed in this respect	8-13
b)	Copy of Bank statement reflecting the transactions	14-15
c)	Copy of Computation of income for AY 2018-19	16-17
d)	Copy of acknowledgement of Return filed by the Donor	18
e)	Summary giving details of nature of business carried out by the Donor along with summary of her past earning for 8 years	19-20
f)	Copy of Form 26AS of the Donor Muskan Karira from FY 2012-13 to FY 2016-17	21-40
g)	Copy of Capital Account and Balance sheet from FY 2012-13 to FY 2016-17	41-45
h)	Copy of Notice issued to donor u/s 133(6) and submission made along with acknowledgement of submission	46-51
4.	Documentary evidences in respect of gift received from Purshotam Ramrakhiyani	
a)	Copy of bank statement of Donor reflecting the Transaction	52
b)	Computation of Total income of the Donor for AY 2018-19	53-54
c)	Copy of Gift Deed executed in this respect	55-60
d)	Copy of acknowledgement of Return filed by the donor	61
e)	Copy of acknowledgement of Return filed by the Purshottam Ramrakhiyani HUF	62
f)	Summary giving details of nature of business carried out	63-64

	by the Donor along with summary of her past earning for 8 years	
g)	Copy of Notice issued to donor u/s 133(6) and submission made along with acknowledgement of submission made	65-70
5.	Documentary evidences in respect of gift received from Ramchand Lund	
a)	Copy of bank statement of Donor, reflecting the Transaction	71
b)	Copy of Computation of Total income of the Donor for AY 2018-19	72-73
c)	Copy of Gift Deed executed in this respect	74-79
d)	Copy of acknowledgement of Return filed by the donor for AY 2018-19	80
e)	Capital Account and Balance sheet of Ramchand Lund from FY 2012-13 to FY 2016-17	81-86
f)	Copy of Form 26AS of the Donor from FY 2012-13 to FY 2016-17	87-102
g)	Summary giving details of nature of business carried out by the Donor along with summary of his past earning for 8 years	103-104
h)	Copy of Notice issued to donor u/s 133(6) and submission made along with acknowledgement of submission	105-110
6.	Documentary evidences in respect of gift received from Vashumal Bhathija	
a)	Copy of bank statement of Donor reflecting the Transaction	111-112
b)	Copy of Computation of Total income of the Donor for AY 2018-19	113-114
c)	Copy of Gift Deed executed by the Donor in this respect	115-120
d)	Copy of acknowledgement of Return filed by the donor for AY 2018-19	121
e)	Copy of acknowledgement of Return filed by the Vashumal Wadumal Bhathija-HUF for AY 2018-19	122
f)	Ledger Account of HUF in the Books of Donor	123
g)	Copy of Form 26AS of the Donor from FY 2012-13 to FY 2016-17	124-143
h)	Copy of Capital Account and Balance sheet of Donor from FY 2012-13 to FY 2016-17	144-150
i)	Summary giving details of nature of business carried out by the Donor along with summary of her past earning for 8 years	151-152
j)	Copy of Notice issued to donor u/s 133(6) and submission made along with acknowledgement of submission	153-158

7.	Documentary evidences in respect of gift received from Pushpa Bhathija	
a)	Copy of bank statement of Donor reflecting the Transaction	159-160
b)	Copy of Computation of Total income of the Donor for AY 2018-19	161-162
c)	Gift Deed executed by the Donor in this respect	163-168
d)	Copy of acknowledgement of Return filed by the donor	169
e)	Copy of Form 26AS of the Donor from FY 2012-13 to FY 2016-17	170-189
f)	Copy of Capital Account and Balance sheet from FY 2012-13 to FY 2016-17	190-195
g)	Summary giving details of nature of business carried out by the Donor along with summary of her past earning for 8 years	196-197
h)	Copy of Notice issued to donor u/s 133(6) and submission made along with acknowledgement of submission	198-203

8. The paper book placed before us contains extensive documentation that collectively establishes the identity of the donors, the genuineness of the transactions, and the creditworthiness of the donors. These materials include:

- Copies of PAN, Aadhaar, and residential details of each donor, thereby establishing their undisputed identity;
- Duly executed gift deeds, evidencing both the voluntary nature of the transfers and the familial relationship with the assessee;
- Bank statements of the donors, reflecting the inflow of funds by way of repayment of loans earlier advanced by them and the immediate outflow of corresponding amounts by way of gifts to the assessee;
- Computation of income and acknowledgements of income-tax returns filed by the donors for AY 2018–19, demonstrating that

they are regular assesseees within the tax net;

- Form 26AS statements for AYs 2013–14 to 2017–18, evidencing recurring interest income from loans advanced by the donors, repayment of which formed the very source of the impugned gifts;
- Capital accounts and balance sheets of the donors for the preceding five years, corroborating their financial position and lending activity; and
- Confirmations and supporting documents furnished directly by the donors in response to notices issued under section 133(6) of the Act, thereby providing independent corroboration before the Assessing Officer.

9. For ease of reference, the index of documents forming part of the record qua each of the donors given the paper book is set out below:

Sr. No.	Particulars of Document	Purpose / Evidentiary Value
1.	PAN, Aadhaar, and residential details of donors	Establishes identity of the donors
2.	Gift deeds executed by each donor	Confirms voluntariness of the gift and familial relationship
3.	Bank statements of donors	Demonstrates inflow of loan repayments and immediate outflow as gifts
4.	ITR acknowledgements and computation of income (AY 2018–19)	Establishes that donors are regular taxpayers
5.	Form 26AS for AYs 2013–14 to 2017–18	Shows recurring interest income from loans advanced
6.	Capital accounts and balance sheets of donors (past 5 years)	Corroborates financial position and lending history
7.	Confirmations and documents filed directly under section 133(6)	Independent corroboration before AO

10. From these evidences, it clearly emerges that each of the three fundamental conditions prescribed under section 68 identity of the creditor, genuineness of the transaction, and creditworthiness of the creditor stands amply satisfied. The donors are identifiable and assessed to tax; the transactions are routed through normal banking channels and backed by written gift deeds; and the creditworthiness is established not on the basis of their annual income alone but by demonstrating the repayment of earlier loans advanced by them, which constituted the direct source of funds for the gifts. The trail of funds is both proximate and transparent and the repayments credited into the donors' bank accounts were promptly transferred as gifts to the assessee. This nexus leaves no scope for adverse inference.

11. The Assessing Officer, however, chose to disregard this comprehensive evidence and doubted the donors' capacity solely on the ground that their declared incomes were modest. Such reasoning, in our considered view, is legally untenable. Creditworthiness cannot be measured only by the touchstone of current year's returned income; it must be judged in the wider context of the donor's overall financial position, capital base, and receipts from legitimate sources such as repayment of loans. When the banking trail establishes that the donors were in possession of sufficient funds at the relevant point of time, the Revenue cannot dismiss the explanation merely on presumptions or suspicion.

12. It is equally significant that the Assessing Officer himself

had issued notices under section 133(6) to the donors, and each donor responded directly, confirming the gifts and furnishing supporting evidence. When third parties independently appear before the Department and corroborate the assessee's explanation, the chain of evidence becomes complete. In such circumstances, the addition sustained by the Assessing Officer rests more on conjecture than on material evidence.

13. On an overall appreciation of facts, we are persuaded to hold that the assessee has discharged the burden cast upon him under section 68 of the Act. The Ld. CIT(A), after conducting a detailed donor-wise analysis of the evidences, has correctly appreciated the facts and law in deleting the addition. We find ourselves in complete agreement with his conclusions.

14. Accordingly, we uphold the findings of the Ld. CIT(A) and direct that the addition of ₹89,00,000/- made by the Assessing Officer under section 68 of the Act be deleted. The grounds raised by the Revenue are, therefore, dismissed.

15. In the result, the appeal filed by the Revenue fails and is dismissed.

Order pronounced in the open court on 25-08-2025

Sd/-
[GIRISH AGRAWAL]
ACCOUNTANT MEMBER

Sd/-
[AMIT SHUKLA]
JUDICIAL MEMBER

Mumbai,
Dated: 25-08-2025
TNMM

Copy to :

- 1) The Appellant
- 2) The Respondent
- 3) The CIT concerned
- 4) The D.R, ITAT, Mumbai
- 5) Guard file

By Order

Dy./Asst. Registrar
I.T.A.T, Mumbai