

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'एस एम् सी' बेंच, हैदराबाद
IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad "SMC" Bench, Hyderabad

श्री मंजुनाथा जी., माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य
SHRI MANJUNATHA G., HON'BLE ACCOUNTANT MEMBER
AND
SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER

आयकर अपीलसं./I.T.A.No.1475/Hyd/2025
(निर्धारण वर्ष/ Assessment Year: 2020-21)

Peddada Venkata Durga Praveen Hyderabad PAN : APQPP1704H	Vs.	Income Tax Officer Ward-12 Hyderabad
(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Adv. A.V.Raghuram
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Shri K.Vamsi Krishna, Sr.D.R.
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	03.02.2026
घोषणा की तारीख/ Date of Pronouncement	:	06.02.2026

ORDER

PER MANJUNATHA G., A.M :

The captioned appeal filed by the assessee is directed against the order of the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi [in short "Ld.CIT(A)"], in DIN &

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Order No. ITBA/NFAC/S/250/2025-26/1079135404(1) dated 31.07.2025, pertaining to the assessment year 2020-21.

2. The brief facts of the case are that the assessee is an individual, not filed his return of income for the A.Y.2020-21. As per the specific information flagged as per Risk Management Strategy formulated by the CBDT through ITBA portal under the head “Non-filing of Returns-NMS cases”, it was noticed that the assessee had made credit card transactions and also TDS on salary to employees has been reported in the name of the assessee. Therefore, assessment has been reopened u/s 147 of the Income Tax Act, 1961 (“the Act”) after passing the order u/s 148A(d) on 08.03.2024 and by issue of notice u/s 148 of the Act. The case was selected for scrutiny and during the course of assessment proceedings, notice u/s 142(1) was issued and called upon the assessee to file relevant details for various transactions reported under credit card payments and TDS on salary etc. In response, the assessee submitted that the assessee is holding credit card of HDFC bank and SBI and the transactions reported towards credit card expenses are carried out by his friend, Shri D.Sridhar and Smt. D.Madhavi and the payment for the said

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expenditure has been directly paid by them. The A.O., however, was not convinced with the explanation furnished by the assessee and according to the A.O., the assessee has failed to explain the credit card transactions with relevant details, and therefore, rejected the explanation of the assessee and made addition of Rs.40,00,000/- after allowing deduction towards income received by the assessee from salary for Rs.6,12,575/- and made addition as unexplained expenditure u/s 69C of the Act.

3. Aggrieved by the order of the A.O. the assessee preferred an appeal before the CIT(A). Before the CIT(A), there was no response from the assessee, even though the case was listed for hearing on three occasions. The Ld.CIT(A), after considering the relevant facts of the case and the reasons given by the A.O. to make additions towards credit card payments, observed that except filing statements of HDFC and SBI, the assessee has not submitted any details with regard to source of payment made against credit card expenditure. The assessee grossly failed to discharge his onus in explaining the transactions with relevant details, therefore, upheld the additions made by the A.O. and dismissed the appeal filed by the assessee.

4. Aggrieved by the order of the Ld.CIT(A), the assessee is now in appeal before the Tribunal.

5. The learned counsel for the assessee, Shri A.V.Raghuram, submitted that the Ld.CIT(A) erred in sustaining the additions made towards credit card expenses, without providing reasonable opportunity of hearing to the assessee and also not considering relevant explanation of the assessee before the A.O. The learned counsel for the assessee, further referring to the paper book filed by the assessee, submitted that the assessee has filed relevant credit card statements of HDFC and SBI and also corresponding bank statements of Shri D.Sridhar and Smt.D.Madhavi and established nexus between the credit card expenditure incurred and payments made by them from their bank accounts. Although these evidences have been filed before the A.O., but the A.O. has not considered the details submitted by the assessee. The Ld.CIT(A) without giving proper opportunity of hearing has dismissed the appeal filed by the assessee. Therefore, he submitted that the matter may be remanded back to the file of the AO to give another opportunity of hearing to the assessee to explain his case.

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6. Shri K.Vamsi Krishna, learned Sr.AR on the other hand, supporting the order of the Ld.CIT(A) submitted that the A.O. has provided sufficient opportunities to the assessee to file relevant details and also to explain source for credit card payments. The assessee, except stating that the credit card has been utilized by his friend, but, has not filed any other evidence to substantiate his argument. Before the Ld.CIT(A), the assessee has not appeared and filed any details, therefore, the Ld.CIT(A) has rightly sustained the additions made by the A.O. Therefore, he submitted that the order of the Ld.CIT(A) should be upheld and in the alternative, the matter may be remitted back to the A.O. to verify the details submitted by the assessee.

7. We have heard both the parties, perused the material on record and gone through the orders of the authorities below. There is no dispute with regard to credit card expenses reported in the name of the assessee and the explanation of the assessee with regard to expenditure incurred through credit card and corresponding source for the expenditure. The assessee, from the beginning explained that his credit card has been utilized by his friend, Shri D.Sridhar and

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Smt.D.Madhavi for their personal necessities and the payment for said expenditure has been directly paid through their bank accounts. To support his arguments, the assessee has furnished relevant credit card statement along with bank account statements of Shri.D.Sridhar and Smt.D.Madhavi for the relevant period. Upon perusal of relevant card statements and corresponding bank accounts of Shri D.Sridhar maintained with ICICI and Smt.D.Madhavi, maintained with SBI, we find that Shri D.Sridhar and Smt.D.Madhavi have paid credit card bills of the assessee from their bank account, which is evident from the relevant payments recorded in the credit card statements of few months and corresponding bank statement of both the parties. Further, the assessee had also furnished confirmation from the parties Shri D.Sridhar and Smt.D.Madhavi, where, they have confirmed that they have utilized the credit card of his friend, Shri P.Venkata Durga Praveen for their personal necessities and the payment has been made directly from their bank account. Although the assessee has not explained why he has not allowed his credit card to be used by his friend, but going by the evidence filed by the assessee, it appears that the other party has used the credit card of

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the assessee and also made the payment. Although, we are unable to verify the relevant payments made by the assessee with reference to credit card statements, but upon perusal of sample credit card statements in one or two occasions, the payments made from the bank account of Shri D.Sridhar and Smt.D.Madhavi are appearing in the credit card statement of the assessee. Since the other party had admitted to have utilized the credit card of the assessee and also incurred expenditure and further payment has been directly made from the bank account of other party, in our considered view the facts needs to be verified with regard to argument of the assessee that the expenditure incurred through his credit card is not for himself, but for his friend. Thus, we set aside the order of the Ld.CIT(A) and restore the issue back to the file of the A.O. The A.O. is directed to verify the claim of the assessee with reference to credit card statement and payment claimed to have been made by Shri D.Sridhar and Smt.D.Madhavi. The A.O. is also directed to verify the source of the above two parties to explain the credit card payments and in case, both the parties agree that they have incurred the expenditure through assessee's credit card and also made the payment, then, the

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A.O. is directed to delete the additions made in the hands of the assessee. The A.O. is further directed to take appropriate action in the case of Shri D.Sridhar and Smt.D.Madhavi as per law, if so provides to verify the nature of expenditure incurred by them and source for payment against said expenditure through credit care of the assessee.

8. In the result, appeal filed by the assessee is allowed for statistical purpose.

Order pronounced in the Open Court on 6th February, 2026.

<p>Sd/- (रवीश सूद) (RAVISH SOOD) न्यायिक सदस्य/JUDICIAL MEMBER</p>	<p>Sd/- (मंजुनाथा जी.) (MANJUNATHA G.) लेखा सदस्य/ACCOUNTANT MEMBER</p>
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Hyderabad,
dated 06.02.2026
L.Rama/sps

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आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-

1.	निर्धारिती/The Assessee	:	Shri Peddada Venkata Durga Praveen, G-2, Madhu Chaitanya Apartment, Sai Deluxe Colony, Hyderabad
2.	राजस्व/ Revenue	The :	The Income Tax Officer, Ward-12(1), Hyderabad
3.	The Principal Commissioner of Income Tax, Hyderabad		
4.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
5.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Hyderabad