

## **Shilpa Shetty gets Rs 12.54 crore gift from Raj Kundra, his income Rs 27.71 lakh; tax dept flags mismatch – what ITAT said**

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The ITAT Mumbai has sent back Shilpa Shetty Kundra's ₹12.54 crore gift case for fresh examination after finding gaps in the money trail. Despite submitting a gift deed and PAN details, the tax department questioned the transaction as the donor's income was only Rs 27.71 lakh, highlighting the need for strong documentation in high-value family gifts.

A Rs 12.54 crore gift received by actor Shilpa Shetty Kundra from her husband Raj Kundra has come under tax scrutiny, with the Income Tax Appellate Tribunal (ITAT) Mumbai sending the matter back for fresh verification instead of giving a final ruling.

The case underlines how even family gifts can face scrutiny if documentation is not strong enough.

### **How the case unfolded**

Shilpa Shetty filed her income tax return on February 4, 2021, declaring a total income of Rs 10.84 crore for AY 2020-21. During scrutiny, the Assessing Officer (AO) noticed a gift entry of Rs 12,54,54,594 in her capital account. She said the amount was received from her husband out of natural love and affection.

To support the claim, she submitted a gift deed dated March 5, 2020. She also provided PAN and address of the donor, and copy of her husband's ITR acknowledgement.

### **Why the tax officer raised doubts**

Despite these documents, the AO flagged key gaps. The department was of the view that there were no bank statements to prove actual transfer. The mode of payment not clearly mentioned and also the husband's income was only Rs 27.71 lakh, not matching the gift size.

Under Section 68, taxpayers must prove identity, genuineness and creditworthiness. Since the trail was not established, the AO treated the amount as unexplained credit and taxed it under Section 115BBE.

The first appellate authority, CIT(A), also upheld this addition.

## What ITAT found

At the tribunal stage, additional documents including a Punjab National Bank joint account statement were submitted.

However, the ITAT noted that there was no clear link between bank entries and the gift amount. Gift deed was missing mode of transfer details and source of funds was not clearly explained. The tribunal also noticed that donor's income not commensurate with the gift.

## Inconsistencies in disclosures

Even later affidavits, the tribunal said, did not fully address these gaps.

## ITAT's key message: Proof must go beyond basic documents

The tribunal made it clear that a gift deed alone is not enough, especially in high-value cases. As Saurrav Sood, Associate Partner, Dhruva Advisors India Pvt Ltd, explains: "The onus of proof is on taxpayer and accepting it as valid and satisfactory, is the role entrusted to the tax officer."

He adds that the law does not prescribe a fixed checklist: "The provisions in the Income Tax Act provide no objective criteria, which can be met to pass the test of genuineness and credit worthiness."

That means taxpayers need to rely on supporting evidence: "Therefore, to prove the donor's genuineness and creditworthiness, circumstantial documents like bank statements showing money trail (origination till disbursement), income tax returns, trail of funds etc should be submitted to put a case forward."

Importantly, just basic paperwork may not be enough: "Also to mention, that mere submission of primary evidences may not discharge the onus of recipient/ taxpayer."

And the tax officer can dig deeper if needed: "The tax officer has the right to investigate further to identify the complete trail of funds and its genuineness."

## No final relief yet

The ITAT did not give a final ruling on whether the Rs 12.54 crore will be taxed. Instead, it said the matter needs fresh verification and sent the case back to the Assessing Officer.

So, no clean win for the taxpayer and no final confirmation for the tax department. The case will now be re-examined.

## What taxpayers should do

The ruling highlights the importance of maintaining a complete financial trail, especially for large family gifts.

Sood explains what should be kept ready: "To ensure that transaction of gift is considered as genuine and not taxed as unexplained credit, the recipient of such gift should ensure that registered gift deed, PAN along with source of funds of the donor is duly maintained as records for reference."

He also points to a practical but often ignored detail: "Also, it is persuasively helpful, where the recipient is able to maintain latest and updated address of the donor... ."

This helps in case the tax officer wants to verify independently: "...so that in case the tax officer wants to independently verify the claims and issues notice for seeking such verification, the notice is duly received and responded to."

### **Summing up...**

Even gifts from close relatives like spouses can come under scrutiny if the money trail is incomplete or unclear. For taxpayers, especially in high-value cases, documentation plus clear fund flow is critical.

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