PARAMOUNT ESTATES

5-4-187/3&4, II floor, MG Road,
Secunderabad – 500 003.
Phone: +91-40-66335551

Date :10-09-2022

To,
The Assistant Commissioner, (ST) (FAC),
M.G.Road – S.D.Road Circle,
Begumpet Division,
Hyderabad.

Sir,

Sub: Reply to show cause notice – Asst. Year 2015-16/CST – Reg.
Ref: Your Office Notice dated 21.07.2022
Our letter dated 28th July 2022 & 5th September 2022 towards extension of time request.

We submit that we are in receipt of the above referred show cause notice wherein it is proposed to levy tax of Rs.1,21,967/- on alleged turnover of Rs.8,41,150/- by stating that we have not produced documentary evidence for passing the consequential orders in order to give effect to the remand directions of the Appellate Deputy Commissioner in Appeal filed in No.47 dated 21.01.2022. In this regard we request your good selves to kindly consider the following submissions.

We submit that we are in the business of constructing and selling apartments, villas etc. We have regularly filed VAT and CST returns and paid tax under the VAT Act on the corresponding turnovers. We submit that we do not have any turnover under the CST Act as we are in the business of constructing and selling apartments, villas etc in the State of Telangana only. However, for use in the construction of apartments/villas, we have purchased goods from outside the States and for this purpose of getting the goods in to the State, we used advance way bills.

In support of our claim that we do not have turnover under the CST Act, we are submitting our sales ledger and also certified Profit and Loss Account and Annual report for the year 2015-16. Based on these documents we submit that we do not have any turnover under the CST Act and therefore we request your good selves to kindly drop the proposed levy of tax of Rs.1,21,967/-. We also request your good selves to kindly provide us an opportunity of personal hearing to substantiate our contentions along with supporting documentary evidences.

Thanking You,

Yours faithfully,
For M/s. PARAMOUNT ESTATES

Authorised Signatory

Assistant Commissioner (ST) M.G. Road-S.D. Road Circle,
RECEIVED
Sig.

PARAMOUNT ESTATES
5-4-187/3 & 4, IIND FLOOR,
SOHAM MANSION, M.G. ROAD,
SECUNDERABAD - 500 003.

ASSESSMENT YEAR :: 2016-17

CONSTRUCTION ACCOUNT FOR THE YEAR ENDED 31-3-2016.

To	Opening balance (1-4-15)		By	Sales	45,838,740.00
	Land	16,325,000.00	By	Closing Stock (31-3-2016)	
	WIP	56,728,566.81		Land & WIP	80,801,384.81
To	Construction expenses	46,882,644.00			
To	Gross Profit	6,703,914.00			
		126,640,124.81			126,640,124.81

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2016.

To	Administration Charges	1,200,000.00	By	Gross Profit		6,703,914.00
To	Advertisement	1,421,027.38	By	Forefit Account		529,913.50
To	Audit Fee	46,455.00	By	Bad Debits / Credits written off		32,627.50
To	Bank Charges	7,594.85	By	Net Loss Transferred to partners		
To	Brokerage/commission	330,032.00		Capital Accounts:		
To	Car Hire Charges	216,690.00		MPIPL (50%)	3,344,036.37	
To	Computers & Peripherals	16,124.00		Ashish Modi (50	3,344,036.37	6,688,072.73
To	Consultancy	23,353.00				
To	Discount	2,949,450.00				
To	Depreciation	27,102.00				
To	Exhibition Charges	51,382.00				
To	Firm Professional Tax	2,500.00				
To	Free Offers to Customers	1,616,300.00				
To	Hording Rents	133,000.00				
To	Interest Account	2,986,952.50				
To	Intern Ship Allowances	27,263.00				
To	Labour Welfare Expenses	18,062.00				
To	Legal Expenses	49,830.00				
To	Miscellaneous Expenses	36,917.00				
To	News Paper & Peridicals	6,900.00				
To	Office Maintenance	28,524.00				
To	Postage / Courier	5,794.00				
To	Printing & Stationary	143,879.00				
To	Rent & Maintenance Offers to Custome	100,320.00				
To	Rent Model Flat	7,000.00				
To	Repairs & Maint - Computer	21,640.00				
To	Rounding Off	2.00				
To	Salaries & Employees Benefits	2,065,376.00				
To	Sales / Business Promotions	316,893.00				
To	SBC 0.5%	6,819.00				
To	Telephone / Internet Expenses	64,867.00				
To	Vehicle Maintenance	16,545.00				
To	Water Expenses	9,934.00				
		13,954,527.73				13,954,527.73

Notes to Accounts Schedule - M

As per my report of even date

For PARAMOUNT ESTATES,

Ajay Mehta
Chartered Accountant
M.NO.035449
Place: Secunderabad
Date: 12/09/2016

AJAY MEHTA Chartered Accountant M.No.035449 SECUNDERABAD

PARTNER.

Place: Secunderabad
Date: 12/09/2016

Paramount Estates

Date of financial statements

Computation of revenue from sales of flats

A 31.03.2016

				Paramount Estates
Total expected revenues from the project		B		411,680,000
Total expected project costs		C		351,471,814
Total expected gross margin		D (B-C)		60,208,186
Total expected gross margin as % of A		E (D/B)		14.62%
Total costs incurred as on the date of A above		F		119,936,211
% of costs incurred A above		G (F/C)		34.12%
Revenue recognitioin if the progress made is in excess of		H		0%
Total revenue upto A above				
Less: Revenue recognized durig the previous periods		I		45,838,740
Revenue for the current reporting period		J		0
		K (I-J)		45,838,740
Cost for the current reporting period				
less:cost declared in F.Y		L		39,134,826
During the year cost recognised		M		-
Profit		n		39,134,826
Consolidated details======>		O		6,703,914

Names of the purchase	Block	Flat No.	Area in Sq Feet	sale price in Rs. Per square feet	Other fixed charges, if any	Total expected proceeds	Advances received	Revenue to be recognised Paramount Estates	Costs to be recognized Paramount Estates	Test should be OKAY for Paramount Estates
	None	None	63,180	None	-	134,329,950	119,328,416	45,838,740	39,134,826	TRUE
1	2	3	4	5	6	(7=4 X 5)-6)	8	9	10	11
Mr.Teegulla Sraven Kumar	Paramount Estates	A101	1210	2,017		2,441,000	2,709,000	832,967	711,145	TRUE
Y Venkata Suresh Reddy	Paramount Estates	A102	1010	2,280		2,303,000	2,404,573	785,876	670,941	TRUE
C Raja	Paramount Estates	A103	1010	2,155		2,177,000	2,511,000	742,879	634,233	TRUE
Dr.Tejal Modi	Paramount Estates	A104	1210	2,017		2,440,200	2,120,000	832,694	710,912	TRUE
Bala Vijay Bhasker	Paramount Estates	A105	1010	2,131		2,152,000	2,408,143	734,348	626,950	TRUE
Kumar Gaurav & Kumar Vaibhav	Paramount Estates	A106	1210	2,068		2,502,000	2,825,000	853,782	728,917	TRUE
S.V NARASIMHAM	Paramount Estates	A107	1010	1,981		2,000,500	2,437,000	682,650	582,813	TRUE
Sunita Choudhary	Paramount Estates	A201	1210	2,017		2,441,000	2,503,202	832,967	711,145	TRUE

Paramount Estates

0/c

5-4-187/3&4,
Soham Mansion, II floor,
M.G. Road,
Secunderabad – 500 003.

Date: 05-09-2022

To,
The Assistant Commissioner (ST),
M.G Road – S.D Road Circle,
Begumpet Division 4th Floor,
Pavani Prestige, Ameerpet
Hyderabad – 500016.

Subject: Production of books of accounts and other details.
Reference: Your notice for production of books of accounts vide TIN No. 36604868066/ 2015-16/CST, dated 21-07-2022.

Sir/Madam,

Our Accounts Manager Mr. Jaya Prakash is suffering from eye related medical issues and has undergone operations to correct the same. However, the operations were not entirely successful and he is still on leave.

We request you to grant us 15 more days to produce the details.

Thank You.

Yours Faithfully
For Paramount Estates,

Authorised Signatory.

Assistant Commissioner (ST)
RECEIVED
Sig. 6/9/2022
M.G. Road-S.D. Road Circle

5-4-187/3&4, II floor, MG Road,
Secunderabad – 500 003.
Phone: +91-40-66335551

Paramount Estates

Date :28-07-2022

To,
The Assistant Commisioner (ST) (FAC),
M. G Road -S.D Road Circle ,
Begumpet Division 4Th Floor ,
Pavani Prestige, Ameerpet
Hyderabad-500016.

Sub: CST Act 1956 – M/s Paramount Estates , Secunderabad. - Appeal remanded Show cause notice for the tax period From 2015-16 Objections called for - Time Requested-Reg.

Dear Sir,

With reference to the Show Cause Notice sent by your department dated 21-07-2022 received by us on 22-07-2022 requesting us to file written objection.We submit that we have referred the matter with our sales tax consultant who is presently out of station and also our Accounts & Finance Manager Mr. Jaya Prakash is under the treatment (eye operation).our tax consultant has advised us to take 30 days time for preparation of the reply.we therefore request you to kindly grant us 30 days time for verification of our records and submission of reply to the notice .

Kindly acknowledge for the same

Thanking You,

Yours faithfully
For Paramount Estates

Authorised Signatory

Assistant Commissioner (ST)
RECEIVED
Sig. 28/7/2022
M.G. Road-S.D. Road Circle

GOVERNMENT OF TELANGANA
COMMERCIAL TAXES DEPARTMENT

Office Of The
Assistant Commissioner(ST),
M.G.Road - S.D.Road Circle,
4 Floor, Pavani Prestige,
Ameerpet, Hyderabad.

TIN No. 36604868066/2015-16/CST. Dated: 21-07-2022.

SHOW CAUSE NOTICE

Sub: CST Act 1956 - M/s. Paramount Estates. -assessment completed for the year 2015-16- orders passed- Dealer preferred appeal before the ADC(CT) Punjagutta Division – Appeal remanded - show cause notice issued – Objections called for - Regarding.

Ref: 1) Order passed by the Deputy Commercial Tax Officer-2. M.G.Road- S.D. Road. Circle vide AO.No.52721. Dt: 31.03.2020.
2) Order passed by the Hon'ble ADC (CT) Punjagutta vide AO.No.47. Dt.21.01.2022.

*****

M/s. Paramount Estates. Secunderabad are registered dealers on the rolls of M.G.Raod-S.D.Road circle, with TIN No. 36604868066. Vide Order reference 1st cited their assessment under CST Act,1956 for the year 2015-16 was completed on the following Turnovers and taxes.

Gross turnover	Rs. 841150
Exempt turnover	Rs. 0
Net turnover	Rs. 841150
Tax on net turnover @ 14.5%	Rs. 121967
Tax paid by adjustment against VAT ITC	Rs. 0
Tax paid	Rs. 0
Balance	Rs. 121966.75

Aggrieved by the orders, the dealer has preferred an appeal before the ADC (CT) Punjagutta disputing the above levy of tax. The ADC (CT) Punjagutta has remanded the appeal vide orders passed in the reference 2nd cited which is extracted as under:

"I have heard the Authorised Representative and gone through his contentions as well as the contents of the impugned orders. In the impugned orders, the Audit Officer determined the gross and net turnovers of the appellant at Rs.8,41,150/- and subjected the same to tax the same at 14.5% towards inter-State sales on the ground that the appellant had not responded to the notices issued.

The claim of the appellant is that the Audit Officer is not justified in bringing the disputed turnover herein for the purpose of assessment and to levy tax thereon as the same do not relate to any inter-State sales or stock transfers or any other sales which falls under the CST Act for the purpose of assessment and to levy tax thereon. It is explained that they have issued CST way bills for the purpose of *procuring the goods from other States and used such goods in the execution of works contract i.e., construction and selling apartments / villas and they have neither effected any inter-State sales nor transferred any goods to outside the State by issuing invoices against the CST way bills generated basing on which the impugned levy was made on the disputed turnover and as such construing the same as inter-State sale or stock transfers is incorrect. It is further stated that since the appellant is doing business in works contract i.e., construction and selling apartments / villas, the question of there being any inter-State sales of the same does not arise. It is also stated that it is not only a settled law that no estimation can be made basing on the utilization of way bills, but also it is a settled law that a sale cannot be assumed but is to be established. It is stated that in the appellant's case, the Audit Officer failed to establish that there is a sale, be it in the course of inter-State or commerce from one State to another. It is further stated that due to COVID-19 pandemic situation and the consequential lock down imposed not only in the State of Telangana as well as in the entire country when the impugned order was passed and also as no notice was properly served on the appellant and as such the appellant prevented from brining the above facts before the Audit Officer.*

Here, it is to be observed that if the appellant had utilized the way bills basing on which the disputed turnover herein was brought to tax under the CST Act for the purpose of assessment and to levy tax thereon, for the purpose of importing or purchasing goods from other States or procuring goods from outside the State, branches on stock transfer basis, but not utilized the same for any transfer of goods to other States, then bringing the disputed turnover herein either for the purpose of assessment under the CST Act or to levy tax thereon towards inter-State sales cannot be sustained. However, since the Audit Officer has no occasion to consider this issue as the appellant appears to have not raised any such objections, which the appellant explained the reasons which prevented from filing the objections, I feel the issue involved herein warrants examination at the Assessing Authority's end.

For the reasons discussed above, I feel it just and proper to remit the matter back to the territorial Assessing Authority, who shall verify the claims of the appellant with reference to the books of account and other relevant documentary evidence that would be produced by the appellant and pass orders afresh in accordance with the provisions of law, after giving the appellant a reasonable opportunity to present their case. With this direction, the impugned order is set-aside on the disputed turnover of Rs.8,41,150/- and the appeal thereon remanded.

In the end, the appeal is ***REMANDED"****.*

In order to pass the consequential order, in the light of instructions issued by the Hon'ble ADC, the dealer has to provide documentary evidence which substantiate their claim. But the assessee till date not submitted any documentary evidence.

In the said circumstances, it is proposed to complete the consequential orders by confirming the original orders passed in the reference 1st cited, as under:

Gross turnover	Rs. 841150
Exempt turnover	Rs. 0
Net turnover	Rs. 841150
Tax on net turnover @ 14.5%	Rs. 121967
Tax paid by adjustment against VAT ITC	Rs. 0

Tax paid	Rs. 0
Balance	Rs. 121966.75
Less : 12.5% tax paid on disputed the amount while filing appeal before Hon'ble ADC (Vide Challan No.508666. Dt: 28.07.2021)	Rs.15246.00
Balance Payable	**Rs. 106726.75**

In the view of the above **M/s. Paramount Estates**, Secunderabad are requested to file their objections if any within (7) days from the date of receipt of this notice, failing which the turnovers proposed in the Show Cause Notice will be confirmed and Consequential orders to the orders of the Hon'ble ADC will be passed, without any further notice under the provisions of the CST Act 1956.

G. Vijaya Lakshmi

Assistant Commissioner(ST)(FAC)
M.G. Road-S.D. Road Circle
Begumpet Division, Hyderabad

To,
M/s. PARAMOUNT ESTATES.
5-4-187/3 AND 4, SOHAM MANSION,
M.G ROAD,SECUNDERABAD- 500003
Email: gst@modiproperties.com