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Date : 29-05-2019.

From
B & C Estates,
5-4-187/3 & 4, 2nd Floor,
Soham Mansion, M.G. Raod,
Secunderabad – 500 003.

To
Dy. Commission of Income tax,
Circle 10(1)/Hyd,
I.T. Towers, A.C. Guards,
Hyderabad.

Sir

Subj: Reply to notice u/s.27(1)(c) – Assessment Year 2016-17 – PAN – AAHFB7046A-Reg.

In connection with the above the following is submitted for your kind consideration.

1. For Assessment Year 2016-17 the RIO I filed on 20-09-2016 admitting income of Rs.70,78,310/-.
2. The case was selected was for scrutiny u/s.143(2) vide notice dated 27-07-2017.
3. The assessment is completed u/s.143(3) vide Order dated 30-12-2018. The Income assessed is Rs.1,59,95,700/-.
4. While completing the assessment, following additions are made to the income admitted of Rs.70,78,310/-.

a) Estimated Gross Profit	Rs.89,11,111.00
b) Interest on TDS	Rs. 5,469.00
c) Interest on IT Refund	Rs. 816.00

	Rs.89,17,396.00
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5. The addition of Gross profit of Rs.89,11,111/- is on account of estimates made of the revenue & cost in respect of a housing project being developed by the firm.
6. The revenue and cost recognized by the firm adopting the Percentage of Completion Method (POCM/POC) has been reworked while completing the assessment.
7. The necessary documentary evidence such as Agreement of Sale, Sale Deed, Revenue working sheet etc. submitted in the same of the assessment proceeding has not been accepted.
8. Merely because the workings submitted by the firm together with necessary document evidences has not been accepted does not tantamount to furnishing of inaccurate particulars of income within the meaning of provisions of section 271(1)(c).
9. Disregarding the workings furnished in the course of assessment proceedings and resorting to making an estimates without a corroborative evidence does not lead to a conclusion that inaccurate particulars of income have been furnishing so as to initiate proceedings u/s.271(1)(c) and propose to levy penalty for the same.
10. Further as regard addition of Rs.5,469/- as disallowances of interest on TDS has already been disallowed in the computation of income and ROI filed and hence it cannot be said that inaccurate particulars of income have been furnished.



11. Likewise, interest on IT Refund of Rs.816/- has been included in the computation of income and ROI Filed and therefore it cannot be said that inaccurate particulars of income have been furnished.

Keeping in view the above facts and circumstances it is pleaded to duly drop the penalty proceedings initiated.

It may be noted that an appeal before CIT(Appeals)6 has been filed, aggrieved by the Order u/s.143(3), and the same is pending disposal. Alternatively, pending disposal of the appeal by the First Appellate Authority the penalty proceedings be kept in abeyance.

Yours faithfully,

For B & C ESTATES,



PARTNER.