

Date : 08-12-2016

From
Alpine Estates,
5-4-187/3 & 4, 2nd Floor,
M.G. Road,
Secunderabad – 500 003.

To
Deputy Commissioner of Income tax,
Circle 10(1),
Hyderabad.

Sir

Sub: Assessment Proceedings – Own case – A.Y.2014-15
PAN – AANFA5250F – submission of information – Reg.

In connection with the income tax assessment proceedings for A.Y.2014-15 certain information requested for is submitted herewith for your kind consideration.

1. Details of deductions claimed u/s.80IB(10):

Deduction of Rs.2,92,72,864/- has been claimed u/s.80IB(10) of IT Act in respect of a residential housing project named as Mayflower Heights. The housing project undertaken is in compliance with the provision of section 80IB(10) and therefore 100% of the profits derived from the project is claimed deduction.

The salient features of the project is as under:

Land Area	19820 Sq. Yards
Land Area in Acres	Ac 4.06 Guntas
No of Flats	280
Area of each Unit (Built up Area)	848 sft to 1390 sft.

The sanction for the housing project has been obtained from the concerned local authority, Kapra Municipality vide proc.No.BA/GD/294/2006-07 dated 29-03-2007.

The project is required to be completed by 31-03-2012 (i.e. within 5 years from the end of financial year in which first sanction is received on 29-03-2007. The occupancy certificate for the project is issued by the local authority as under:

Block	Certificate No.	Certificate Date
A	BA/G3/294/2006-07/2122	01/04-11-2010
B	BA/G3/294/2006-07/784	09/13-4-2010
C	BA/G3/294/2006-07	23-03-11

Submitted on
8/12/2016

The following documents are submitted for your kind consideration in support of the deduction claimed.

Sl.No.	Particulars	Remarks
1	Project sanction letter No.BA/G3/294/2006-07 dt.29-3-2007	Refer Annexure 1
2	Chartered Engineer Certificate for Built up area.	Refer Annexure 2
3	Occupancy Certificate	Refer Annexure 3
4	Audit report inform No.10CCB together with Annexure I referred therein and Computation of Profit eligible for deduction	Refer Annexure 4

2. Details of PF Penalty paid:

An amount of Rs.20,41,743/- has been paid under PF Act as damages u/s.14-b of PF Act mainly on account of PF liability of the contractors who are not registered with the PF authorities. The demand is determined vide order No.AP/HYD/72364/P.D.Cell-I/T-4/2013/1059 dated 23-12-2013 copy enclosed – **Annexure 5**. The amount has been debited to construction account under the head 'construction expenses'. The broad heads of construction expenses is as under:

Building Materials	1,14,00,122.00
Other expenses	45,14,825.00
Allowance for Construction Equip.	93,633.00
Job work charges	17,32,259.00
Labour allowances	16,74,896.00

	1,94,15,735.00
Less: Extra Spects	10,14,373.00
Labour Room Rents	13,715.00

	1,83,87,647.00
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In other expenses of Rs.45,14,825.00, the PF of Contractors of Rs.30,78,362 is debited which includes the PF penalty paid of Rs.20,41,743/-. The list of above details is enclosed herewith – **Annexure 6**.

3. Interest (net) of Rs.15,73,228.82 credited to Profit & Loss Account:

An amount of Rs.15,73,228.82 is credited to Profit & loss Account as Interest (Net). The details of interest account is enclosed herewith **Annexure – 7**. It may be noted that the firm has earned interest of Rs.21,82,257.82 and the same is considered as 'Income from Other Sources' and not as part of 'Business Income' of the housing project. Out of interest debit of Rs.7,09,797/-, interest on income tax Rs.6,06,797/- and interest on TDS Rs.2,155/- has been disallowed for computation of income under the head profit & gains from business. The business income thus arrived is the income derived from 80IB(10) compliant project and accordingly the deduction u/s.80IB(10) is claimed.

4. Sundry Creditors / Current Liabilities:

Following are the Current Liabilities outstanding as on 31-03-2014.

Outstanding expenses	11,69,733.10	Schedule 'B' of Balance Sheet
Sundry Creditors	27,62,426.10	Schedule 'C' of Balance Sheet
Customer Accounts	7,29,708.00	Schedule 'D' of Balance Sheet
Instalments receivable	2,38,94,850.00	Schedule 'E' of Balance Sheet



The outstanding expenses and Sundry Creditors are in respect of the construction activity of the firm and are running account for which payment get effected in subsequent years.

Instalment receivable account as on 31-03-2014 reflects balance of 2,38,94,850/-. At the close of every year the amount of instalments that are receivable from customers as per the agreements are determined and the same are debited to customers accounts and credited to instalments receivable accounts. The instalments receivable account which is reflected on the liability side of the Balance Sheet is for revenue which is yet to be recognized. As and when the revenue is recognized the instalments receivable account gets debited and sales account is credited. In effect this is only a journal entry at the year end and which is not liability which to be paid but is only on account of pending recognition of the revenue based on the accounting policy. The passing of this entry of instalment receivable facilitates to determine the correct outstanding position of customers. It may be either amounts receivable from these as Sundry Debtors or amounts received in advance from the customer vis-a-vis the instalments that have fallen due.

5. **Details of TDS:**

The month wise TDS made and challan paid is enclosed herewith **Annexure – 8**.

6. **Bank statements:**

Flowing bank accounts are maintained during the year.

Name of the Bank	Account No.	Outstanding 31-3-14	Remarks
HDFC, S.D. Road	50200000858194	.67	Bank statements enclosed Annexure - 9
HDFC, R.P. Road	00422320004966	36,63,197.11	Bank statements enclosed Annexure - 10
SBH, Kushaiguda	62271285451	20,180.00	Ledger enclosed Annexure - 11

We hope you will find the above information in order.

Thanking you,

Yours faithfully,

For ALPINE ESTATES,

(SOHAM MODI)

PARTNER