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Villas Orchid LLP

To

The Joint Commissioner (Appeals)
Secunderabad Commissionerate
Hqrs Office, & 7th floor,
LB Stadium Road, Basheer Bagh
Hyderabad-4

Date: 31st March 2025

31/03/2025

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SUPERINTENDENT OF CUSTOMS & CGST
HYDERABAD (APPEALS II) COMMISSIONERATE

Reg: M/s. Villa Orchids (GSTN: 36AANFG4817C1ZH). **Appeal No.52/2024(SC) GST** filed against Order-In-Original No. 33/2023-24-SEC-ADJN-ADC(GST) dated 01.11.2023.

Sub: Filing of further submissions in addition to submissions made in Form GST APL-01.

Sir,

We hereby submit following submission in additions to submissions made vide Form GST APL-01 filed against Order-In-Original No. 33/2023-24-SEC-ADJN-ADC(GST) dated 01.11.2023.

1. The appellant is in the business of real estate development where it has undertaken development of a project consisting of 112 units. The project was executed over a period of 5 years i.e., from FY 17-18 to FY 21-22.
2. The appellant for each unit has entered into two separate agreements one for sale of land and the other for providing construction services. It is humbly submitted that the land does not belong to the appellant. As and when a customer is booking a unit the appellant is entering into an agreement to purchase such plot of land from original owners and is thereafter selling such land to customer. It is further providing construction service to the customer.
3. Since neither the appellant nor its prospective customer owns the land, the first transaction that the appellant enters into is for completing the purchase of land transaction. Only after the land is secured can the construction service be provided. Accordingly, the appellant first collects the consideration towards sale of land from its customer and then proceeds for the supply of Construction Service.
4. It is humbly submitted that the manner in which the demand is computed as per Order-in-Original is far from the facts of the case and is devoid of any merit for the following 2 reasons:
    a. The Assessing Authority failed to appreciate the fact that the appellant first receives money towards sale of land and only after the sale of land is completed it receives consideration towards Construction Service based on construction milestones.
    b. The Assessing Authority has failed to appreciate a vital fact that the appellant adopts POCM method for recognizing revenue in its financial statements.

5. To substantiate the stand of the appellant we submit the copy of Booking Form, Agreement of Sale cum GPA, Agreement of Sale, Agreement of Construction and Sale Deed for your kind consideration for three sample units namely unit no 8, 10 and 85. Copy's enclosed as **Annexure 1**.
6. It is submitted that the turnovers towards supply of Construction Service is spread across 5 years and taxes have been paid over the course of 5 years. For determining the correct liability discharged by the appellant it is essential to look at the entire lifetime of the project as a whole and not to look at any specific year in isolation.
7. In support of the turnovers reported in the financials, GST returns for FY 17-18 to FY 21-22, mode of discharge of liability and project land reconciliation for 112 units is given by way of CA certificate enclosed as **Annexure 2**.

As may be evident from the CA certificate the total shortfall in turnover reported is Rs. 14,89,754/- and the corresponding tax liability @ 18% is Rs. 2,68,156/-. It is therefore humbly prayed that the demand determined towards short reporting of the turnover be restricted to Rs. 2,68,156/-. We request you to consider such Certificate during the hearing and while adjudicating our appeal before your goodself.

We also request you to acknowledge the same.

Yours Sincerely,
For Villa Orchids LLP

Authorised Signatory