



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
National e-Assessment Centre
Delhi



To, VISTA HOMES 5-4-187/3 AND 4, 2ND FLOOR, SOHAM MANSION, M.G ROAD SECUNDERABAD 500003, Telangana India	
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PAN: AAGFV2068P	Assessment Year: 2018-19	Date: 21/04/2021	DIN: ITBA/AST/F/143(3)(SCN)/20 21-22/1032590936(1)
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Show cause Notice as to why assessment should not be completed as per Draft Assessment Order

Ms/ Mr/ M/s,

1. We appreciate the anxiety and uncertainty that is facing all of us in the times of Covid-19. This communication is to assist you in ending one uncertainty, which is pending e-Assessment in your case for the Assessment Year **2018-19**.
2. A draft assessment order proposing to modify your returned income and/or sum payable is reproduced as under:-

The assessee has filed its return of income for the A.Y.2018-19 relevant to the F.Y. 2017-18 on 04.10.2018 showing total income of Rs. 71,49,954/-. The case was selected for scrutiny through Computer Aided Scrutiny Selection (CASS).

Notice u/s.143(2) dt. 22.09.2019 was issued and served upon the assessee citing the reasons for selection of scrutiny. During the course of assessment proceedings, notices u/s.142(1) of the Act 03.12.2020 and subsequent letter were also issued and served upon the assessee asking to submit some details/clarification in respect of the assessment proceedings. In response to Notice u/s.143(2), Notices u/s.142(1) and letters, the assessee submitted explanation/clarification in support of the return of income.

During the course of assessment proceeding, the assessee submitted Audit Report, computation of income, bank statement, "Working Sheet" of "Estimation of IT and computation" of calculation of revenue from sale of flat and profit thereon etc. From the reply, it is found that the assessee follows percentage project completion method in order to recognize profit from your Construction Contract Business i.e. Real Estate Development

Business. In this annexure, It is found that total saleable area is 4,06,660 Sq. ft., Total Expected cost of project is of Rs.67,43,29,905/- and Total expected revenue from the project is Rs.78,86,39,600/-. It is further found that the assessee has made an agreement for sale of area of 3,22,380 Sq. ft. and the total sale agreement value is Rs.67,91,02,566/-. The assessee has incurred the cost of construction is of Rs.46,84,08,456/- and thus, completed the 69.46% construction of the project (as on 31-03-2018) . The assessee has recognized revenue of Rs. 47,17,23,681/- as on 31-03-2018. (69.46% of total agreement of sale value of Rs. 67,91,02,566/-).

However, it is found that though the assessee has adopted the right method of recognizing revenue i.e. percentage completion method, the calculation shown is flawed as per section 43CB r.w.s. 145(2) of the Income Tax Act, 1961 and ICDS III – Construction Contracts. Accordingly a computation of revenue recognition as per percentage completion method as on 31.03.2018 is made which is as below:

Computation of revenue recognition as per percentage completion method as on 31/03/2018

S No	Particulars	Amount (in Rs.)
A	Total saleable area (in Sq ft)	406660
B	Total estimated cost (Land + Construction) after rectification of mistake	655027905
C	Total area sold (in sq. ft.) [as mentioned in the <i>revenue from sales of flats</i> in the last page at column -4]	322380
D	Total sale agreement value [as mentioned in the <i>revenue from sales of flats</i> in the last page at column -7]	679102566
E	Cost incurred including land up to 31/03/2018	468408456
F	Percentage of completion [after considering the cost of Rs.655027905/-]	71.51 %
G	Revenue to be recognized [71.51 % of 679102566]	485626245

H	Percentages of sales Area % [C/A X 100]	79.275%
H	Cost allocation	
I	Total cost of land & construction [79.275 % of 468408456]	371331132
J	Profit (total so far till 31.03.2018)	114295113
K	Total revenue upto 31.03.2018	485626245
L	Less Revenue recognized till 31.03.2017	294019418
M	Revenue for the current period (S-T)	191606827
N	Cost (to be recognized) till 31.03.2018	371331132
O	Cost Declared till 31.03.2017	244206509
P	Cost (to be recognized) for the current period (V-W)	127124623
	GROSS Profit for the Current period	6,44,82,204/-

However, the profit for the current period has been shown at Rs. 1,85,61,276/- whereas as per above calculation it comes at Rs. 6,44,82,204/-. The assessee was requested to offer an explanation in this regard and state why the difference i.e. **Rs. 4,59,20,928/-** should not be added to the total income as reported in the Income Tax Return for the AY 2018-19.

In the reply, the assessee stated that the Estimated construction cost is Rs.67,43,29,905/- is the same. In the computation sheet, it is missed to mention the cost of club house of Rs.1,93,29,005/-. In the reply, the assessee stated that certain provisions of ICDS-III are not applicable to it as real estate developer. Further, it is also stated that even if it held that ICDS III is applicable, it does not provide for the methodology as to how the revenue and the cost is to be recognized. The assessee follows method of cost recognition is in line with the basic concept of PCOM that the revenue and cost associated with the project should be recognized as revenue and expenses respectively by reference to the stage of completion of the construction at the reporting date.

The Assessee's reply has been considered but could not be accepted for the following reasons:

The assessee though contends that certain provisions of ICDS-III are not applicable to it as real estate developer, but accepts that it recognizes its revenue as per PCOM. Therefore, the other options of accounting on such cases i.e. project completion method or any other method recognition of revenue on sale of flats has not been adopted by the assessee. It is seen that it has been following the PCOM from initial year of recognition of revenue. Assessee following the PCOM method is also clear from the fact that it has accepted that after completion of 25% of total estimated cost of the project it has started recognising revenue as per the this method- which is the crux of the ICDS-III and also Guidance Note of 2006 modified in 2012 of ICAI for Accounting for Real Estate Developers.

Therefore, the assessee's reply is not clear in terms of adoption of PCOM method as per ICDS-III. In one point it disagrees with applicability of ICDS-III and in another paragraph, it agrees with the applicability and even it boasted in point number 10 of the reply dated 15.04.2021 that it has rightly adopted the PCOM workings as per the guidelines of ICDS-III

If ICDS-III is applicable from 01.04.2016, which is true, we need to look into the methods of accounting as provided in Guidance Note to Accounting for Real Estate Developers 2006 as revised in 2012 by ICAI. Any Real Estate Developer was advised to follow the Guidance Note of ICAI if it starts recognising its revenue from financial year 2012-13 or starts its project from FY 2012-13. The PCOM has been advised to be adopted for accounting of such Real Estate Developer. The para 3.1 and 3.2 of GN of ICAI, 2012 (hereinafter called as the GN) are reproduced here:

3. Accounting for Real Estate Transactions

3.1 Real estate activities and transactions take diverse forms. While some are for sale of land (developed or undeveloped), others are for construction, development or sale of units that are not complete at the time of entering into agreements for construction, development or sale.

3.2 The typical features of most construction/development of commercial and residential units have all features of a construction contract – land development, structural engineering, architectural design and construction are all present. The natures of these activities are such

that often the date when the activity is commenced and the date when the activity is completed usually fall into different accounting periods. It is not unusual for such activities to spread over two or more accounting periods.

The Guidance Note has drawn a similarity between the Real Estate Development and Construction Contract and it has mentioned certain conditions in paragraph 5 for applicability of PCOM and those conditions are fulfilled in the case of the assessee. Even the illustrations given in page number 367 and 368 guidance Note has given illustrations on calculation of revenue recognition and cost recognition. The same are reproduced after the para. It is clear from the illustration that the calculation given in this office letter dated 12.04.2021 is rightly adopted. It also seems logical as the cost proportionate to percentage of area which is sold/agreed to be sold to the total area planned to be constructed should only be claimed as revenue is recognised for that area only. In the calculation shown by the assessee, it had been recognising revenue that has been secured by agreement of area so sold. While calculating or recognising cost, which has been already incurred, the assessee had been taking estimated cost from the difference of estimated revenue and estimated gross profit. It is thus seen that the basis of percentage completion method i.e. the actual cost incurred till 31.03.2018 has not been taken into consideration while recognising the cost.

Illustration on application of percentage completion method

Total saleable area	20,000 Sq. ft.
Estimated Project Costs(This comprises land cost of Rs. 300 Lakhs and construction costs of Rs. 300 Lakhs)	Rs. 600 lakhs
Cost incurred till end of reporting period (This includes land cost of Rs. 300 lakhs and construction cost of Rs. 60 Lakhs)	Rs. 360 Lakhs
Total Area Sold till the date of reporting period	5,000 Sq. ft.
Total Sale Consideration as per Agreements of Sale executed	Rs. 200 Lakhs
Amount realised till the end of the reporting period	Rs.50 Lakhs
Percentage of completion of work	60% of total project cost including land cost or 20% of total construction cost

At the end of the reporting period the enterprise will not be able to recognise any revenue as reasonable level of construction, which is 25% of the total construction cost, has not been achieved, though 10% of the agreement amount has been realised.

Continuing the illustration

If the work completed till end of reporting period is

(This includes land cost of Rs 300 Lakhs and

construction cost of Rs 90 lakhs)

Rs. 390 Lakhs

Percentage of completion of work would be

65% of total project cost

including land cost or 30% of construction cost

The enterprise would be able to recognise revenues at the end of the accounting period. The revenue recognition and profits would be as under:

Revenue recognised

(65 % of Rs 200 lakhs as per Agreement of Sale)

Rs. 130 Lakhs

Proportionate cost (5000 sft./20,000 sft.) X 390

Rs. 97.50 Lakhs

Income from the project

Rs. 32.50 Lakhs

Work in progress to be carried forward

Rs. 292.50 Lakhs

As the assessee is adopting percentage completion method, it is required to follow the proper way to recognise revenue as well as cost. Res judicata is not applicable to Income Tax Act, 1961 and therefore, the assessee plea that no such adverse inference was drawn in earlier assessment year does not hold good.

The calculation as done by the assessee is flawed is described with an example below:

As per present financials and proportionate projection of revenue

If you consider the Expected cost of Rs. 67,43,29,905/- (after accepting Club House charges)

1. Total progressive GP till 31.03.2018 be recognised as per your calculation is Rs. 6,83,74,186/- (Rs. 47,17,23,681 – Rs. 40,33,49,495)
2. Total progressive GP till 31.03.2018 as per PCOM method is Rs. 10,03,92,549/- (Rs. 47,17,23,681 – Rs. 37,13,31,132)
3. Total Expected Revenue from the project of 406660 Sq Ft of area is Rs. 78,86,39,600/-

(Rs. 1939.31/ sqft

4. Whereas, total expected revenue from 322380 Sq Ft of area is Rs. 67,91,02,566/- (Rs. 2106.53/ sq ft)
5. So if total revenue is also revised as per expected revenue from already sold area of 322380 then it would be 406660 X Rs. 2106.53 = Rs. 85,66,41,490/-
6. Then the Expected Gross Profit would be Rs.18,23,11,585/- (85,66,41,490 – 67,43,29,905)

Therefore, percentage of Progressive GP to total revised GP as per your calculation is (a)/(f) % = 37.50 %, whereas progressive cost booked by you till 31.03.2018 is 69.46 % of total estimated cost.

As per the PCOM calculation it would be (b)/(f) % = 55% which exactly 79.275% of 69.46% i.e. Gross profit is in line with the cost that should be recognised as per PCOM. Whereas as per your calculation it is well below the expected Gross Profit which should have been recognised as per accrual basis. Had the total revenue been revised as per the present rate at which the area has already been sold, you would have been calculating the same value.

Considering the above discussion, it is therefore necessary for you to follow the correct manner of calculation as per Percentage Completion Method which is cost to be recognised for only the percentage total area sold to the total project construction area.

The calculation of PCOM for recognising revenue is revised below:

Computation of revenue recognition as per percentage completion method as on 31/03/2018

S No	Particulars	Amount (in Rs.)
A	Total saleable area (in Sq ft)	406660
B	Land cost + Sanction cost	50307905
C	Estimated construction and development cost	624022000
D	Total estimated cost (Land + Construction)*	674329905
E	Total area sold (in sq. ft.)	322380 (including investors)
F	Total sale agreement value**	679102566

G	Amount collected	679102566
H	Cost incurred including land up to 31/03/2018	468408456
	Land cost	50307905
	Construction cost	418100551
I	Total estimated cost as per (D)	674329905
J	Total actual cost incurred as per (H)	468408456
K	Percentage of completion (J/I) %	69.46
L	Revenue to be recognized (F x K)	471723681
M	Percentages of sales %	79.275
N	Cost allocation	
	Land cost (H/AxE)	39881627
O	Construction cost (H/A x E)	331449505
P	Total cost of land & construction (E/A x J)	371331132
Q	Profit (total so far till 31.03.2018)	100392549
R	Closing WIP [H - P]	97077324
S	Total revenue upto 31.03.2018	471723681
T	Less Revenue recognized till 31.03.2017	294019418

U	Revenue for the current period (S-T)	177704263
V	Cost (to be recognized) till 31.03.2018	371331132
W	Cost Declared till 31.03.2017	244206509
X	Cost (to be recognized) for the current period (V-W)	127124623
	Gross Profit for the Current period	5,05,79,640/-

However, the Gross profit for the current period has been shown at Rs. 1,85,61,276/- whereas as per above calculation it comes at Rs. 5,05,79,640/-. Therefore, amount of Rs. 3,20,18,364/- is added to the total income of the assessee as per the discussion made above.

I am satisfied that the assessee has under-reported income which is in consequence of misreporting thereof. and therefore, penalty proceeding u/s- 270A of the I T Act,1961 for under-reported income which is in consequence of misreporting thereof of the income is being initiated separately .

Rs.3,20,18,364/-]

[addition-

Considering the above facts and circumstances, total income of the assessee is determined as under:

Total Income as per return	:	Rs.71,49,954/-
Add: Income from business (As discussed)	:	Rs.3,20,18,364/-
Total assessed income	:	Rs. 3,91,68,318/-

Assessed u/s 143(3) read with section 144B of the Income Tax Act1961 on a total income of **Rs. 3,91,68,318/-**. Credit has been given to pre-paid taxes. Interest has been charged as per law. Penalty notice u/s 270A is issued.

Computation of tax liability on the assessed income is made in a separate sheet enclosed as

an annexure to this order. Issued copy of order, Demand Notice and penalty notice u/s 270A to the assessee.

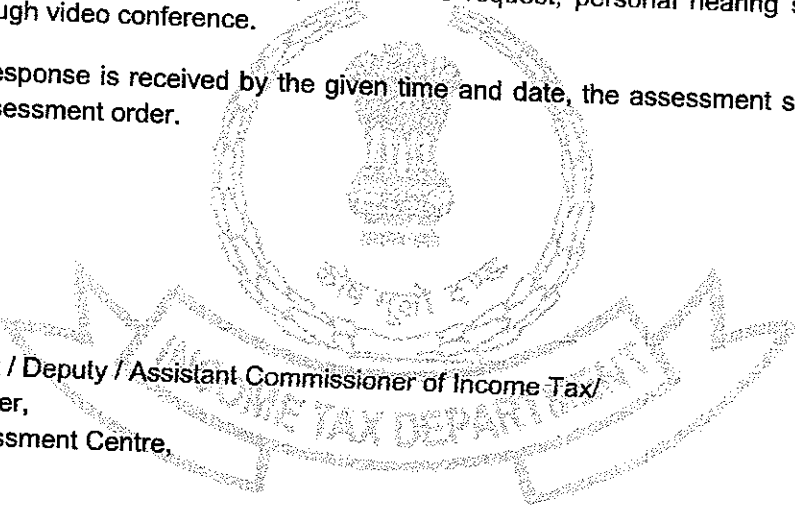
You are hereby given an opportunity to show cause why the assessment should not be completed as per the draft assessment order.

3. Kindly submit your response through your registered e-filing account at www.incometaxindiaefiling.gov.in by 23:59 hours of 23/04/2021, whereby you may either:-

- a. accept the proposed modification; or
- b. file your written reply objecting to the proposed modification; or
- c. if required, you may request for personal hearing so as to make oral submissions or present your case after filing of written reply. On approval of the request, personal hearing shall be conducted exclusively through video conference.

4. In case no response is received by the given time and date, the assessment shall be finalized as per the draft assessment order.

Yours faithfully,
Additional / Joint / Deputy / Assistant Commissioner of Income Tax/
Income-tax Officer,
National e-Assessment Centre,
Delhi



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Date:23-04-2021

From
Vista Homes,
5-4-187/3 & 4,
2nd Floor, Soham Mansion,
M.G. Road,
Secunderabad – 500 003.

To
Assessing Officer,
National –e Assessment Centre,
Delhi.

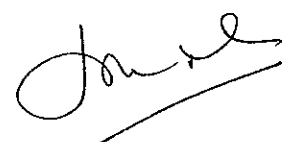
Respected sir/Madam,

Sub: IT Scrutiny Assessment Proceedings – Own case – PANAAGFV2068P
Asst. Year2018-19 -Reply to Show cause Notice (SCN) dated
21.042021- Reg.

Ref: Show cause Notice dated 21.04.2021 (DIN ITBA/AST/F/143(3)(SCN)/20
21-22/1032590936(1)

In connection with the income tax assessment proceedings for Assessment Year 2018-19, the above referred SCN is issued to show cause as to why assessment should not be completed as per Draft Assessment Order. The following reply is submitted for your kind consideration.

1. In the Draft Assessment Order, it is proposed to make an addition of Rs 3,20,18,364/-. The addition proposed is only due to difference in the methodology of computation of cost to be recognized. We have recognized the cost by reference to the stage of completion of the construction at the reporting date as against your proposal to recognize the cost on basis of the percentage of area sold (which is worked out at 79.275%). The cost recognized by us is Rs 40,33,49,495/- as against cost to be recognized as per your workings at Rs.37,13,31,132/- .Consequently due to lower recognition of cost in your workings the gross profit have gone up by Rs.3,20,18,364/-(40,33,49,495/- minus Rs.37,13,31,132/-) and this difference is proposed to be added to the Income returned of Rs 71,49,954/-.
2. For the purposes of computing cost to be recognized in the Draft Assessment Order Guidance Note of 2006 modified in 2012 of ICAI for Accounting for Real Estate Developers has been followed. Further, the workings are done as per the illustrations in the said Guidance Note.
3. CBDT has notified 10 Income Computation & Disclosure Standards (ICDS) in exercise of powers conferred to it under section 145(2) of The Income Tax Act, 1961 vide Notification No. 87/2016, dated 29th September, 2016. The Standards are applicable from a.y 2017-18 i.e Financial Year 2016-2017 and subsequent assessment years.



4. ICDS under IncomeTax Act,1961 were issued with the aim of bringing uniformity in accounting policies governing computation of income in accordance with tax related provisions, and also reducing the irregularities amongst them.
5. Certain Clarifications on Income Computation and Disclosure Standards (ICDS) notified under section 145(2) of the Income-tax Act, 1961 were given by CBDT by way of FAQ's. The CBDT has clarified in the FAQ issued on 23rd March, 2017 vide Circular No 10/2017 (Reply to Question No.12) that this ICDS is not applicable to real estate developers. For sake of quick reference, the same is reproduced below:

Question 12: Since there is no specific scope exclusion for real estate developers and Build -Operate- Transfer (BOT) projects from ICDS IV on Revenue Recognition, please clarify whether ICDS-III and ICDS-IV should be applied by real estate developers and BOT operators. Also, whether ICDS is applicable for leases.

Answer: At present there is no specific ICDS notified for real estate developers, BOT projects and leases. Therefore, relevant provisions of the Act and ICDS shall apply to these transactions as may be applicable.

6. Thus,under Income Tax Act,1961 as on date there is no notified ICDS that is applicable to computation of business income of real estate developers.
7. It is pertinent to note the clarification given by CBDT in Question no 5 of the FAQ's which is reproduced below:

Question 5: ICDS is framed on the basis of accounting standards notified by Ministry of Corporate Affairs (MCA) vide Notification No. GSR 739(E) dated 7 December 2006 under section 211(3C) of erstwhile Companies Act 1956. However, MCA has notified in February 2015 a new set of standards called 'Indian Accounting Standards' (Ind-AS). How will ICDS apply to companies which adopted Ind-AS?

Answer: ICDS shall apply for computation of taxable income under the head" Profit and gains of business or profession" or "Income from other sources" under the Income Tax Act. This is irrespective of the accounting standards adopted by companies i.e. either Accounting Standards or Ind-AS.

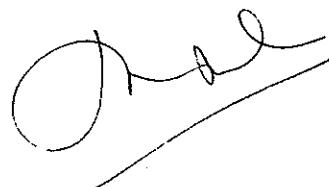
8. The above clarification by CBDT implies that the ICDS will prevail in computation of taxable income under the head" Profit and gains of business or profession" or "Income from other sources" under the Income Tax Act over the accounting standards notified by Ministry of Corporate Affairs (MCA). The Companies are required to maintain books of account and prepare financial statements as per requirements of Companies Act 2013 but as far as computation of taxable income under the head" Profit and gains of business or profession" is concerned the Company will have to necessarily follow ICDS. Thus, ICD's notified under Income Tax Act shall be applicable irrespective of the accounting standards adopted by companies i.e., either Accounting Standards or Ind-AS.



9. The plain reading of the CBDT's clarification suggests that for the purposes of computing taxable income under the head "Profit and gains of business or profession" ICDS are superior than the accounting standards notified by the MCA for Companies under the Companies Act 2013. There might be similarity between the accounting standards notified by MCA and ICDS notified under the Income Tax Act, 1961 but nevertheless in case of any conflict/differences under the notified standards, the ICDS notified under the Income Tax Act, 1961 for the purposes of computing taxable income under the head "Profit and gains of business or profession" shall prevail and shall be followed.
10. Institute of Chartered Accountants of India (ICAI) which is an autonomous body set up under the Act of Parliament also from time-to-time issues Accounting Standards with respect to accounting treatment for various financial transactions that are to be followed by an enterprise. The members of ICAI who perform the financial audit function of such enterprises are required to report whether the financial statements are drawn up by the enterprises in accordance with the accounting standards or not. This reporting requirement is mandatory under the Companies Act 2013 for the statutory auditors. For accurate preparation of the financial statements the Companies do mandatorily follow the accounting standards and also for not to invite any adverse remarks in the Audit Report.
11. ICAI also issues Guidance Note on various accounting issues and the same are recommendatory in nature. They are not mandatory in nature. Thus, there is a basic difference in the accounting standards that are issued by ICAI and by MCA under the Companies Act, 2013 and the Guidance Note issued by the ICAI. The accounting standards issued either by ICAI or MCA shall be followed and any deviation shall have to be reported by the auditors of the Company. The Guidance Notes of ICAI are recommendatory in nature.
12. The present situation and the fact is that MCA has notified accounting standards under Companies Act, 2013, ICAI which is set up under an Act of Parliament has also issued Accounting Standards and CBDT has notified ICDS under Income Tax Act, 1961. Though there might be similarity in the standards notified but what is important to note is that each regulatory body wants to have and their own independent set of standards.
13. It is submitted that under the Income Tax Act, 1961 the ICDS notified by CBDT under section 145(2) are relevant for computation of taxable income under the head "Profit and gains of business or profession" or "Income from other sources".
14. In the absence of any notified ICDS specifically for real estate developers and also keeping in view the clarification given by the CBDT in FAQ's, the ICDS III applicable to Construction Contracts is not strictly and mandatorily required to be followed. The ICAI Guidance Note as submitted above is only recommendatory in nature and therefore not mandatory to be followed under the Income Tax Act, 1961. At the most it has a persuasive value.



15. The issue involved is only with respect to computation methodology that is adopted to determine the cost to be recognized against the revenue to be recognized under PCOM. There is no issue with respect to the revenue that is recognized on the basis of %age of work completed as on 31.03.2018.
16. In the absence of any specific ICDS notified for computing business income of the real-estate developers the importance of the method of computation of recognition of revenue and cost followed consistently is of paramount importance. We have submitted in our reply on the same issue that the method has been consistently followed over past years. Further, the scrutiny assessments u/s 143(3) have been completed for Asst. Year 2015-16, Asst. Year 2016-17 and Asst. Year 2017-18. During all scrutiny assessment proceeding for all the said years the workings and computation of revenue and cost recognition have been called for and after examination is accepted.
17. To our above reply as to consistency in the method followed by us over past years and that the assessments after due verification has been accepted and Orders are passed u/s 143(3) of Income Tax Act, 1961, it is stated that Res judicata is not applicable to Income Tax Act, 1961 and therefore, the assessee's plea that no such adverse inference was drawn in earlier assessment year does not hold good.
18. We rebut your stand that Res judicata is not applicable to Income Tax Act and in support the following is submitted:
- a) The doctrine of res judicata rests on the principle that one should not be vexed twice for the same cause and that there should be finality of litigation.
 - b) But the above rule is subject to limitations.
 - c) The first limitation is that there should be finality and certainty in all litigations including those arising out of income-tax proceedings and an earlier decision on the same question cannot be changed in the absence of following circumstances:
 - (i) The previous decision is not arrived at after due enquiry,
 - (ii) The previous decision is arbitrary; or
 - d) The other limitation is that the effect of revising a decision in a subsequent year should not lead injustice and the court must always be anxious to avoid injustice to the assessee.
 - e) The above principle is held by Orissa High Court in the case of C.I.T Vs Belpahar Refractories Ltd, 128 I.T.R p.610. It has made the following observations on this aspect
"The rule of res judicata does not apply to assessment proceedings but there are two exceptions to the rule, namely, an earlier decision on the same question cannot be reopened unless that decision is arbitrary or perverse or arrived at without due enquiry. The second limitation is that the



effect of revising the earlier decision should not lead to injustice and the court may prevent an assessing authority from doing something which would be unjust and inequitable".

- f) In the case of *Tejmal Bhojraj Vs C.I.T., 22 I.T.R; p.208(Nag)* it is held that I.T.O cannot arbitrarily depart from the finding reached after the enquiry by his predecessor in office, simply on the ground that the succeeding officer does not agree with the preceding officer's findings.
- g) In the case of *C.I.T. Vs P.KrishnaWarrier, 208 I.T.R; p. 823(Ker)* it was held in this case that the principle of *res judicata* would apply to proceedings under the Act regarding questions relating to assessment which do not vary with the income every year but depend on the nature of the property or question on which the rights of parties to be taxed, are based.
- h) From the aforesaid decisions of the Supreme Court and various High Courts, it becomes quite clear that though in general the principle of *res judicata* is not applicable to IT proceedings, **yet this principle will apply even to IT proceedings if the questions relating to assessment do not vary with the income every year but relate to matters such as (i) status of the assessee, (ii) method of accounting regularly followed by the assessee, (iii) charitable nature of a trust, (iv) partition of H.U.F and (v) gross profit in a business, etc.**

In addition, this principle also applies to cases where the effect of revising a decision in subsequent year leads to injustice, loss of an important advantage or loss of some benefit, on the part of the assessee.

- i) In the case of *DCIT-1(2)-2 vs M/s. Ozoneland Agro Pvt.Ltd., ITAT, Mumbai.T.A./4854/Mum/2016* in Para 5.3 of its Order stated as under: Copy of judgement enclosed **Annexure 1.**

5.3. We also find that in the earlier assessment year, the AO had, while completing scrutiny assessment, accepted the valuation of same shares at Rs.25,500/-. But, during the year under appeal why did he not follow the earlier year's order is not known. As per the basic principles of taxation, the AO's are not governed by the principles of *res judicata* and every assessment is a fresh assessment. But, it is also equally accepted that the AO's should not deviate from the earlier years' decisions without assigning any concrete and justifiable reasons. Tax determination cannot be left to whims and fancies of a person. It is a serious task and has to be accomplished in a disciplined manner. If an assessee has been allowed a certain concession in earlier year/(s), without giving any plausible reason it cannot be withdrawn in subsequent years.



As early as year 1952, in the case of Tejmal Bhojraj (22 ITR 208) the Hon'ble Nagpur High Court has reiterated the principles of non-applicability of res-judicata and consistency in income tax proceedings as under:

The principle of estoppel by record or res judicata, applicable to decisions of civil Courts, has no application to income-tax proceedings so as to prevent a decision in a prior year from being reopened in the assessment proceedings in a subsequent year because of the nature of enquiry and because the Income-tax Officer is not a Court. A previous finding or decision of such an authority may be reopened and departed from in subsequent years in the following circumstances, namely: (a) the previous decision is not arrived at after due enquiry; (b) the previous decision is arbitrary; or (c) if fresh facts come to light which on investigation would entitle the officer to come to a conclusion different from the one previously reached. In the absence of fresh circumstances, the Income-tax Officer cannot arbitrarily depart from the finding reached after due enquiry by his predecessor in office simply on the ground that the succeeding officer does not agree with the preceding officer's findings.

- j) In the case of Godrej & Boyce Manufacturing Co. Ltd. (394 ITR 449), the Hon'ble Apex Court has held as under:

"While it is true that the principle of res judicata would not apply to assessment proceedings under the Act, **there is need for consistency and certainty** and existence of strong and compelling reasons for a departure from a settled position has to be spelt out.

- k) In International Tractors Ltd. (397 ITR 696), the Hon'ble Delhi High Court has held that deductions allowed in the earlier assessment years should not be withdrawn unless the circumstances have changed.

- l) The Hon'ble Allahabad High Court, in the case of Zazsons export Ltd. (397 ITR 400), has held as under:

"In order to maintain consistency, a view, which had been accepted in an earlier order ought not to be disturbed unless there was any material to justify the Department to take a different view of the matter. In respect of the earlier assessment year, 2005-06, the Department had accepted the decision of the Appellate Tribunal that the trade amount due to the trade creditors in the books of account of the assessee could not be added to the income of the assessee. There was nothing on record to show that any appeal had been filed by the Department against that order, which had become conclusive.



- m) In the case of Galileo Nederland BV, (367 ITR 319), the Hon'ble Delhi High Court has held as under:

Decision on an issue or question taken in earlier years though not binding should be followed and not ignored unless there are good and sufficient reasons to take a different view. Said principle is based upon rules of certainty and that a decision taken after due application of mind should be followed consistently as this leads to certainty, unless there are valid and good reasons for deviating and not accepting earlier decision."

- n) The Hon'ble Bombay High Court in the matter of Aroni Commercial Ltd. (362 ITR 403) has dealt the issue of consistency as follows:

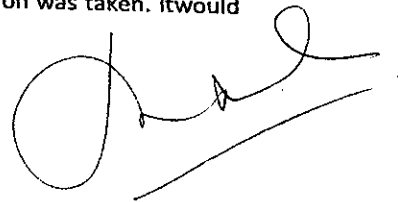
Though the principle of res judicata is not applicable to tax matters as each year is separate and distinct, nevertheless where facts are identical from year to year, there has to be uniformity and in treatment.

- o) Similarly, in the case of Gopal Purohit (336 ITR 287), the jurisdictional High Court has held that there should be uniformity in treatment and when facts and circumstances for different years were identical particularly in the case of the same assessee.
- p) Reliance is also placed on the judgement of Hon'ble High Court of Bombay in the case of Principal Commissioner of Income Tax-8 vs M/s. Quest Investment Advisors Pvt. Ltd. and also the judgments of Apex Court referred therein. Copy of judgement enclosed **Annexure-2**.
- q) In the case of Municipal Corporation of City of Thane V. Messrs Vidyut Metalics Limited and another 2007 INDLAW SC 900 the Supreme Court observed –

We are in agreement with the following observations of Ranganath Misra, C.J., in Radhasoami Satsang V. Commissioner of Income Tax, 1991 Indlaw SC 948-

"We are aware of the fact strictly speaking res judicata does not apply to income tax proceedings. Again, each assessment year being a unit, what is decided in one year may not apply in the following year but where a fundamental aspect permeating through the different assessment years has been found as a fact one way or the other and parties have allowed that position to be sustained by not challenging the order, it would not be at all appropriate to allow the position to be changed in a subsequent year." (emphasis supplied)

In the present case, in earlier litigation, the court considered the evidence of Mr. Debe, Quality Control Manager who was described as 'expert' on the point and accepting his evidence, the court held that the goods imported by the company were ferrous in nature and not non-ferrous and the company was right in paying octroi under Item No. 71. It is thus a 'fundamental factor' and the nature of goods imported by the company was directly and substantially in issue, on the basis of which the decision was taken. It would



indeed be very difficult to hold that such decision would not continue to operate in subsequent years unless it is shown that there are changed circumstances or the goods imported by the company in subsequent years was different than the one which was imported earlier and in respect of which decision had been arrived at by the court.

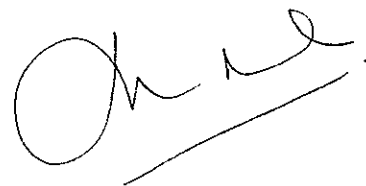
From the above judgment it is clear that the principle of res judicata is not only inapplicable in income tax proceedings but also in other tax proceedings also.

- r) In the case of CIT vs. Nagri Mills (1958) 33 ITR 681 (Bom.) (followed by Delhi High court in case of CIT vs. Vishnu Industrial Gases Pvt. Ltd.) the following is held

Where the department had not disputed that the expenditure was deductible in principle but was only disputing the year in which the deduction could be allowed. The Court held that, castigating the department, that as the tax rates were the same in both years, the department should not fritter away its energies in raising questions as to the year of deductibility / taxability.

The issue involved in our case is also similar to the extent that the actual revenue/cost and the actual profit for the project will finally get determined at the end of the project. Under the PCOM method there is only an issue of timing difference with respect to the profit during the construction period for first year, second year and onwards and till the completion of the project. The overall profits will get ultimately declared and offered to tax.

- 19) The method of cost recognition is in line with the basic concept of PCOM that the revenue and cost associated with the project should be recognized as revenue and expenses respectively by reference to the stage of completion of the construction at the reporting date.
- 20) Our method of PCOM also ensures that the profit in respect of the revenue that got recognized is correctly declared. It satisfies the principle of revenue and cost matching. On a revenue of Rs. 47,17,04,642/- the corresponding estimated gross profit of the project @ 14.49% should be Rs. 6,83,55,147/-. It may be noted that in the above workings the gross profit is coming to Rs. 6,83,55,147/- (i.e., revenue of Rs 47,17,04,642/- minus corresponding cost of Rs 40,33,49,495/-).
- 21) The above method has been consistently followed over past years.
- 22) It is important to note that the actual revenue/cost and the actual profit for the project will finally get determined at the end of the project. Under the PCOM method there is only an issue of timing difference with respect to the profit during the construction period for first year, second year and onwards and till the completion of the project. The overall profits will get ultimately declared and offered to tax.



23) Hence it is requested not to disturb the PCOM workings which has been consistently followed over the years and is not flawed.

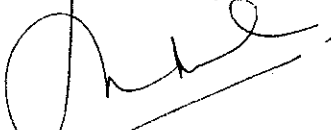
24) Without prejudice to the above submissions, it is submitted that in the event it is held that the PCOM workings adopted by us needs to be disturbed and resultant profits are to be added in this year, we request that for such additional income, the set-off/adjustment is done against the income already declared in the subsequent Asst. Years so that there is no double taxation on the said amount and also do not cause injustice to us.

25) In your workings the closing WIP is arrived at Rs. 9,70,77,324/- (total cost incurred upto 31.03.2018 of Rs. 46,84,08,456/- minus cost to be recognized of Rs. 37,13,31,132/-). The closing WIP as per financials is Rs 6,50,58,781/- which is carried forward. In the case the PCOM workings as proposed by you in the Draft assessment Order is taken, the benefit and set off of increased closing WIP which under an accounting principle shall be the opening WIP to arrive at the GP for subsequent years.

Keeping in view the above submissions and various judicial pronouncements as in supra, it is pleaded not to disturb the workings and reduce the cost to be recognized to 37,13,31,132/- as against Rs 40,33,49,495/- which results in huge and high pitched addition of Rs.3,20,18,364/- merely due to a different view with regard to the methodology of computation of the cost to be recognized.

Yours faithfully,

For VISTA HOMES,



(PARTNER)



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
National e-Assessment Centre
Delhi



To,
VISTA HOMES
5-4-187/3 AND 4, 2ND FLOOR, SOHAM MANSION, M.G
ROAD
SECUNDERABAD 500003, Telangana
India

PAN: AAGFV2068P	Assessment Year: 2018-19	Dated: 12/04/2021	DIN & Letter No : ITBA/AST/F/17/2021-22/1032371581(1)
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Sir/ Madam/ M/s,

Subject: Explanation / clarification in the scrutiny assessment for the A.Y.-2018-19.

It is seen from annexure "Working Sheet" of "Estimation of IT and computation" of "revenue from sales of flats" in your reply, it is found that you follow percentage completion method in order to recognize profit from your Construction Contract Business i.e. Real Estate Development Business. In this annexure you have recognized same percentage of revenue as cost i.e. 69.46% of total revenue of Rs. 67,91,02,556/- (i.e. Rs. 47,17,23,681/-).

In your computation, Total cost is of Rs.67,43,29,905/- [Land- 3,03,07,905 + sanction cost- 2,00,00,000 + construction cost- 67,4329,905 = 65,50,27,905]. But, you made an error of addition amounting to Rs.2,40,74,651/- while computation the Total cost. After rectifying the mistake, it comes to Rs.65,50,27,905/-.

Besides this, you have claim the cost of the current reporting period [L] considered as Rs.40,33,49,495/- which is not correct and without any method. Please explain the same.

However, it is found that though you have adopted the right method of recognizing revenue i.e. percentage completion method, the calculation shown is flawed as per section 43CB r.w.s. 145(2) of the Income Tax Act, 1961 and ICDS III – Construction Contracts. Accordingly a computation of revenue recognition as per percentage completion method as on 31.03.2018 is made and given below.

Computation of revenue recognition as per percentage completion method as on

31/03/2018

S No	Particulars	Amount (in Rs.)
A	Total saleable area (in Sq ft)	406660
B	Total estimated cost (Land + Construction) after rectification of mistake	655027905
C	Total area sold (in sq. ft.) [as mentioned in the revenue from sales of flats in the last page at column -4]	322380
D	Total sale agreement value [as mentioned in the revenue from sales of flats in the last page at column -7]	679102566
E	Cost incurred including land up to 31/03/2018	468408456
F	Percentage of completion [after considering the cost of Rs.655027905/-]	71.51 %
G	Revenue to be recognized [71.51 % of 679102566]	485626245
H	Percentages of sales Area % [C/A X 100]	79.275%
H	Cost allocation	
I	Total cost of land & construction [79.275 % of 468408456]	371331132
J	Profit (total so far till 31.03.2018)	114295113
K	Total revenue upto 31.03.2018	485626245

L	Less Revenue recognized till 31.03.2017	294019418
M	Revenue for the current period (S-T)	191606827
N	Cost (to be recognized) till 31.03.2018	371331132
O	Cost Declared till 31.03.2017	244206509
P	Cost (to be recognized) for the current period (V-W)	127124623
	GROSS Profit for the Current period	6,44,82,204/-

However, the profit for the current period has been shown at Rs. 1,85,61,276/- whereas as per above calculation it comes at Rs. 6,44,82,204/-. You are requested to offer an explanation in this regard and state why the difference i.e. **Rs. 4,59,20,928/-** should not be added to the total income as reported in the Income Tax Return for the AY 2018-19.

You are requested to reply **within three (03) days** of the receipt of this letter positively otherwise, it will be presumed that you have nothing to offer anything on this issues.

Yours faithfully,
Additional / Joint / Deputy / Assistant Commissioner of Income Tax/
Income-tax Officer,
National e-Assessment Centre,
Delhi

4
From
Vista Homes,
5-4-187/3 & 4,
2nd Floor, Soham Mansion,
M.G. Road,
Secunderabad – 500 003.

Date :15-04-2021

To
Assessing Officer,
National –e Assessment Centre,
Delhi.

Respected sir/Madam,

Sub: IT Scrutiny Assessment Proceedings – Own case – PAN No.AAGFV2068P
Assessment Year 2018-19 – Submission of information – Reg.

Ref: your letter dated 12-04-2021 DIN: ITBA/AST/F/17/2021-22/1032371581(1)

In connection with the income tax assessment proceedings for Assessment Year 2018-19, certain explanation/clarification requested for is submitted herewith for your kind consideration.

1. Based on your Computation of revenue and cost to be recognized, it is proposed to add an amount of Rs 4,59,20,928/- which upon analysis we find that the break-up of the same as compared with our workings will be as under:

	As per Notice	As per our workings	Difference
% of completion	71.51%	69.46%	
Revenue to be recognised (in Rs)	48,56,26,245	47,17,23,681	1,39,02,564
Basis of computation of cost to be recognised	% of area sold	Estimated GP based on stage of work completion	
	79.275%	14.49%	
Cost to be recognised (in Rs)	37,13,31,132	40,33,49,495	(3,20,18,363)
Difference proposed to be added			4,59,20,927

A. Sambhartha

2. In the letter it is stated that we follow percentage completion method in order to recognize profit from your Construction Contract Business i.e., Real Estate Development Business. In this regard we would like to submit the following for your kind consideration:

a) At the outset it is submitted that we are not into Construction Contract Business but we are into the business of Real Estate Developers. There are certain significant differences between Construction Contract Business and Real Estate Development business.

b) Certain Income Computation and Disclosure Standards (ICDS) have been notified vide Notification No 86-87-88/2016 dated 29.09.2016 including Income Computation and Disclosure Standard III relating to Construction Contracts (ICDS III).

c) The term 'Construction contract' is not defined under the Income Tax Act. However, it is defined under Income Computation and Disclosure Standard III relating to construction contracts (ICDS III) as under:

"Construction contract" is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use and includes:

(i) contract for the rendering of services which are directly related to the construction of the asset, for example, those for the services of project managers and architects;

(ii) contract for destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

d) Plain reading of the above definition clearly suggests that the construction undertaken by real estate developer does not satisfy the above definition as the contract is not negotiated for the construction of asset. The real estate developer constructs the asset as per his scheme and contracts with the buyer to sell the asset i.e., sale of a Flat/apartment in our case. It is not the case that for the purposes of undertaking the construction of flats/apartments, the firm first enters into a contract with the prospective buyer and then start the construction. Further, the design, flat layout, construction specification and various other things are decided by the builder and the prospective buyer has no say in that except for minor changes/modification in the specifications. The firm enters into an agreement of sale of a finished flat and therefore this agreement of sale cannot be said or equated to be a Construction Contract.

A. Sambasivam

- e) Further, Paragraph 1 outlines the scope of ICDS III. It states that this ICDS should be applied in determination of income from a **construction contract of a contractor**. The same reads as under:

This Income Computation and Disclosure Standard should be applied in determination of income for a construction contract of a contractor.

- f) The CBDT has also clarified in the FAQ issued on 23rd March, 2017 vide Circular No 10/2017 (Reply to Question No.12) that this ICDS is not applicable to real estate developers.

- g) Thus, it is submitted that ICDS III – Construction Contracts is not mandatorily applicable to us as we are neither into the business of the Construction Contracts nor a Contractor.

- h) Even in the situation it is held or a view taken that as per section 43CB r.w.s. 145(2) of the Income Tax Act, 1961 and ICDS III – Construction Contracts (ICDS III) is applicable to us, there is a Transitional provision vide Para 22.1 and 22.2 which provides as under:

22.1 Contract revenue and contract costs associated with the construction contract, which commenced on or after 1st day of April, 2016 shall be recognised in accordance with the provisions of this standard.

22.2 Contract revenue and contract costs associated with the construction contract, which commenced on or before the 31st day of March, 2016 but not completed by the said date, shall be recognised based on the method regularly followed by the person prior to the previous year beginning on the 1st day of April, 2016.

- i) The project of the firm is commenced from FY 2011-12 i.e. before 1st day of April, 2016, the ICD III-Construction Contract is not applicable.

3. The workings for the claim of the cost of construction for FY 2017-18 of Rs.40,33,49,495/- is explained as under:

- a) The total expected project cost of Rs.67,43,29,905/-, the cost incurred upto 31-3-2018 is Rs.46,84,08,456/- which translates to 69.46% of the work completed (or progressed). Thus, the cost to be recognized for the period upto 31-3-2018 works out as under:

A. Sambalivchar

i)	69.46% of expected revenue for sale of Rs.67,91,02,566/-47,17,04,642	=====
ii)	Expected Gross profit on the project is 14.49%	
iii)	The cost of sales will be thus 85.51% (i.e. 100% (-) GP of 14.49%) 85.51%	
iv)	The cost to be recognized till 31-03-2018 will be 85.51% of Rs.47,17,04,642/-	40,33,49,495
v)	Less: Cost recognized is earlier upto 31-3-2017	(-)24,42,06,509
	Cost to be recognized for Financial year 2017-18	----- 15,91,42,986 =====

- b) The above method of cost recognition is in line with the basic concept of PCOM that the revenue and cost associated with the project should be recognized as revenue and expenses respectively by reference to the stage of completion of the construction at the reporting date.
- c) The above method also ensures that the profit in respect of the revenue that got recognized is correctly declared. It satisfies the principle of revenue and cost matching. On a revenue of Rs. 47,17,04,642/- the corresponding estimated gross profit of the project @ 14.49% should be Rs.6,83,55,147/-. It may be noted that in the above workings the gross profit is coming to Rs. 6,83,55,147/- (i.e., revenue of Rs 47,17,04,642/- minus corresponding cost of Rs 40,33,49,495/-).
- d) The above method has been consistently followed over past years. The first Asst. Year is Asst. Year 2015-16 where the stage of construction has reached above 25% and the revenue and cost got recognized following PCOM.
- e) The scrutiny assessments u/s 143(3) have been completed for Asst. Year 2015-16, Asst. Year 2016-17 and Asst. Year 2017-18. During all scrutiny assessment proceeding for all the said years the workings and computation of revenue and cost recognition have been called for and after examination is accepted.
4. The explanation/clarification with regard to the computation of Total Cost is as under:
- a) In our computation, Total cost is of Rs.67,43,29,905/- [Land- Rs 3,03,07,905/- + sanction cost- Rs 2,00,00,000/- + construction cost- 60,47,20,000/- = Rs 65,50,27,905/-].
- b) The difference between Rs.67,43,29,905/- and Rs 65,50,27,905/- will be Rs 1,93,29,005/- and not Rs.2,40,74,651/- arrived in your letter.

A. Santhosh Rao

- c) The above difference of Rs.1,93,29,005/- is due to line item for cost of the club house is missed in the sheet that has been submitted. The cost of club house for 9651 sft is estimated at the rate of Rs 2,000/- which comes to Rs 1,93,29,005/-. The corrected sheet is enclosed herewith-**Annexure 1**. It is submitted that there is no error in the computation of Total Cost. It is requested to kindly consider this sheet for the workings and we sincerely regret for the clerical error.
- d) It may be noted that considering the working sheet submitted now, the Percentage of completion will remain at 69.46% and not at 71.51% as worked out in your letter adopting the total cost at Rs 65,50,27,905/-.
5. The explanation/clarification with regard to the Computation of revenue recognition as per percentage completion method as on 31/03/2018 is as under:
- a) In the Computation given in your letter, there are two components which are resulting in the difference in the amount of cost that is to be recognized.
- b) The first component is the percentage of completion that has been arrived at 71.51% due to arithmetical error of Rs.2,40,74,651/- pointed out in your letter and
- c) The second component is the adoption of total cost of land & construction at Rs 37,13,31,132/- [79.275 % of Rs.46,84,08,456/-].
- d) In respect of the first component the calculation and explanations are as given in Point No 3 above. It is once again requested and submitted that there is no arithmetical error in the computation of the Total Cost.
- e) The second component with regard to the total cost of land & construction at Rs 37,13,31,132/- it is noted that the cost is arrived at adopting the percentage of total sold area @ 79.275%.
- f) It appears that your workings are on the stand that ICDS III – Construction Contracts (ICDS III) is applicable to us. In Point No 1 we have in detail explained as to why ICDS III is not applicable to us and we reiterate the same.
- 5) Further, even if it held that ICDS III is applicable, it does not provide for the methodology as to how the revenue and the cost is to be recognized. It only lays down the principle that **the revenue and cost associated with the project should be recognized as revenue and expenses respectively by reference to the stage of completion of the construction at the reporting date.**
6. What is imperative to note is that the ICDS III refers to the **stage of completion of the construction at the reporting date** and it does not provide for determining the cost in relation to the percentage of the area sold out of the total saleable area.

A. Sambasiv Rao

7. For the sake of quick reference, the relevant extract of the ICDS III is reproduced below:

Recognition of Contract Revenue and Expenses

16. Contract revenue and contract costs associated with the construction contract should be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date.

17. The recognition of revenue and expenses by reference to the stage of completion of a contract is referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

18. The stage of completion of a contract shall be determined with reference to:

- (a) the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs; or
- (b) surveys of work performed; or
- (c) completion of a physical proportion of the contract work.

Progress payments and advances received from customers are not determinative of the stage of completion of a contract.

19. When the stage of completion is determined by reference to the contract costs incurred upto the reporting date, only those contract costs that reflect work performed are included in costs incurred upto the reporting date. Contract costs which are excluded are:

- (a) contract costs that relate to future activity on the contract; and
- (b) payments made to subcontractors in advance of work performed under the subcontract.

20. During the early stages of a contract, where the outcome of the contract cannot be estimated reliably contract revenue is recognised only to the extent of costs incurred. The early stage of a contract shall not extend beyond 25 % of the stage of completion.

8. The recognition of revenue and expenses by reference to the stage of completion of a contract is referred to as the percentage of completion method under Para 17 of ICDS. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

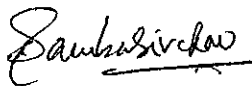
A. Sambasivam

9. Thus, it is submitted that the method adopted in your computation disregards the principle provided as above in the ICDS-III.
10. In our PCOM workings all the revenue and the cost is recognized with reference to the stage of work completion and is in line with the ICDS-III and it also meets the requirement of the ICDS that profit which can be attributed to the proportion of work completed is recognized.
11. The method adopted by us has been followed consistently over past years and as stated herein above the scrutiny assessments u/s 143(3) have been completed for Asst. Year 2015-16, Asst. Year 2016-17 and Asst. Year 2017-18. During all scrutiny assessment proceeding for all the said years the workings and computation of revenue and cost recognition have been called for and after examination is accepted.
12. It is important to note that the actual revenue/cost and the actual profit for the project will finally get determined at the end of the project. Under the PCOM method there is only an issue of timing difference with respect to the profit during the construction period for first year, second year and onwards and till the completion of the project. The overall profits will get ultimately declared and offered to tax.
13. Hence it is requested not to disturb the PCOM workings which has been consistently followed over the years and which in line with the principle laid down in ICDS-III. The method of PCOM workings followed by us is not flawed as viewed by you in the letter.
14. We have submitted our clarification and explanation on the proposed addition of Rs 4,59,20,928/- mainly due to adoption of a different method of PCOM as against the PCOM method followed by us and hope you will find the above information in order.
15. Without prejudice to the above submissions, it is submitted that in the event it is held that the PCOM workings adopted by us needs to be disturbed and resultant profits are to be added in this year, we request that for such additional income, the set-off/adjustment is done against the income already declared in the subsequent Asst. Years so that there is no double taxation on the said amount.

Thanking you,

Yours faithfully,

For VISTA HOMES,

A- 

(AUTHORISED SIGNATURE)



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
National e-Assessment Centre
Delhi



To,
VISTA HOMES
5-4-187/3 AND 4, 2ND FLOOR, SOHAM MANSION, M.G
ROAD
SECUNDERABAD 500003, Telangana
India

PAN: AAGFV2068P	Assessment Year: 2018-19	Dated: 15/03/2021	DIN & Letter No : ITBA/AST/F/17/2020-21/1031473064(1)
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Sir/ Madam/ M/s,

Subject: Re-fixation of the hearing in the scrutiny proceeding for the A.Y.-2018-19.

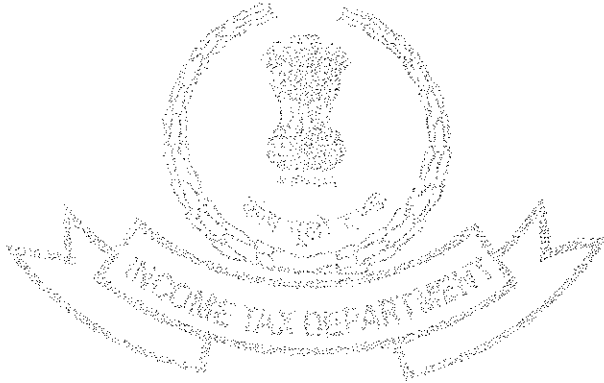
In connection with the scrutiny proceeding for the A.Y.-2018-19 and your reply dated 01-02-2021, You are requested to provide the all the documents / information within four days from the receipt of this letter positively.

1. In your reply, you have calculated Total Expected revenue from the project Rs.78,86,39,600/- however as per calculation submitted by you [flat wise], Total expected proceeds is Rs.67,91,02,566/-. Please furnish the detail of calculation of Total Expected revenue as on 31-03-2018 and reconcile the same with the document already furnish.
2. Please furnish the reason of high closing stock of Rs.6,50,58,781/- whereas you follows the "percentage of completion method [PCOM]".
3. Please furnish the Total Constructed Area of the project.
4. Please furnish the details of the material purchase month wise for the F.Y.-2017-18.

Yours faithfully,

18/3

Additional / Joint / Deputy / Assistant Commissioner of Income Tax/
Income-tax Officer,
National e-Assessment Centre,
Delhi



6

From
Vista Homes,
5-4-187/3 & 4,
2nd Floor, Soham Mansion,
M.G. Road,
Secunderabad – 500 003.

Date : 16-03-2021.

To
Assessing Officer,
National –e Assessment Centre,
Delhi.

Respected sir/Madam,

Sub: IT Scrutiny Assessment Proceedings – Own case – PAN No.AAGFV2068P
Assessment Year 2018-19 – Submission of information – Reg.

Ref: your letter dated 15-03-2021 DIN: ITBA/AST/F/17/2020-21/
1031473064(1).

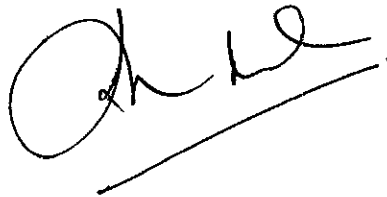
In connection with the income tax assessment proceedings for Assessment Year 2018-19, certain information requested for is submitted herewith for your kind consideration.

1. Explanation on total expected revenues

The total expected revenue as submitted is rs.78,86,39,600/-. We have submitted the computation of revenue from sales of Flats adopting Percentage Completion method (PCOM). As per this working sheet the expected revenue is Rs.67,91,02,566/- This revenue is only for those flats which are booked/sold out of the total project. The revenue will have to be recognized only for those flats which are booked / allotted for which agreement of sale is entered into. Unsold flats will not form part of the sale revenue that is to be recognized under PCOM. Thus it is submitted that there is no variation with regard to total expected proceeds in respect of flats which are booked etc. The total expected revenue for the entire project as submitted is Rs.78,86,39,600/- the working sheet for the same is enclosed herewith **Annexure – A.**

2. Explanation on high Closing Stock

The closing stock as on 31-03-2018 is Rs.6,50,58,781/-. The working sheet for the same is enclosed herewith – **Annexure – B.** It may noted that the value of the closing stock is arrive at as under:



Details	Amount
Opening land & wip	13,545,936.65
Add: Expenditure incurred during the year	9,03,5423.84
	22,54,97,360.49
Less: Recoveries for Extra spectrs etc. during the year is deducted	12,95,593.00
	22,42,01,767.49
Less: Cost to be recognized corresponding to revenue recognized during the year is deducted	15,91,42,986.43
Closing Inventory value	6,50,58,781.00

The cost to be recognized for the year of Rs.15,91,42,986/- is as per the computation of revenue from sale of flats under PCOM. For a quick reference the working sheet is enclosed **Annexure – C.**

It may be noted that as against the total expected project cost of Rs.67,43,29,905/-, the cost incurred upto 31-3-2018 is Rs.46,84,08,456/- which translates to 69.46% of the work completed (or progressed) . Thus the cost to be recognized for the period upto 31-3-2018 works out as under:

i)	69.46% of expected revenue for sale of Rs.67,91,02,566/-	47,17,04,642.00
ii)	Expected Gross profit on the project is 14.49%	=====
iii)	Thus the cost to be recognized till 31-03-2018 Will be 85.51% (i.e. 100% (-) GP of 14.49%) Of Rs.47,7,04,642/-	40,33,49,495.00
iv)	Less: Cost recognized is earlier upto 31-3-2017	24,42,06,509.00
		=====
	Cost to be recognized for Financial year 2017-18	15,91,42,986.00
		=====

We hope the above working will explain as to the value of the closing stock as on 31-03-2018. It can also been seen that value of sales inventory that have remained to be sold is rs.10,95,37,034/- (i.e. expected total project revenue of Rs.78,86,39,600/- less expected total revenues for flats booked sold of Rs.67,91,02,566/-). As against this balance expected realizable sale revenue of Rs.10,95,37,034/- the inventory value is only Rs.6,50,58,781/- (about 59.3%).

3. Total constructed area of the project

The total constructed area of the project will be 4,06,600 sft. The flat wise super built-up area (including common amenities, club house etc.) is enclosed herewith **Annexure – D.**

4. Details of month wise material purchase of building materials

The details is enclosed herewith **Annexure – E** along with ledger account copies.

Account	Amount	Remarks
Bricks/Stonedust/Redmud/Babychips	446,635	Annexure E1



Cement		
Cement Solid Bricks	7,380,057	Annexure-E2
Chemicals	2,704,591	Annexure-E3
Consumables	75,841.40	Annexure-E4
Doors	405,624.20	Annexure-E5
Electrical Material	1,103,273.80	Annexure-E6
Equipment	5,200,728.00	Annexure-E7
False Ceiling Material	529,377.00	Annexure-E8
Furniture	374,027.23	Annexure-E9
Gardening Material	39,578.00	Annexure-E10
Granite / Stones	122,675.00	Annexure-E11
Hardware Material	605,248.18	Annexure-E12
Metal	1,268,024.96	Annexure-E13
Modular Kitchen Component	398,665.51	Annexure-E14
Painting Material	1,333,056.33	Annexure-E15
Plumbing & Sanitary Material	2,906,586.35	Annexure-E16
Sand	4,552,524.55	Annexure-E17
Steel	3,442,055.99	Annexure-E18
Sundry purchases	13,080,731.04	Annexure-E19
Tiles	2,388.00	Annexure-E20
Water proofing Material	3,135,108.76	Annexure-E21
Aluminium Windows	878,947.20	Annexure-E22
Building Material	1,269,479.60	Annexure-E23
Lift	42,940.00	Annexure-E24
Lift Installation charges	135,998.00	Annexure-E25
Morrum	34,002.00	Annexure-E26
MS Grills & Pipes	101,360.00	Annexure-E27
Plywood /Wood	915,428.85	Annexure-E28
RCC/Cement Ring	1,380,790.00	Annexure-E29
RCC Rings	22,140.00	Annexure-E30
	3,600.00	Annexure-E31

We hope you will find the above information in order.

Thanking you,

Yours faithfully,

For VISTA HOMES,


(PARTNER).



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
National e-Assessment Centre
Delhi



To,
VISTA HOMES
5-4-187/3 AND 4, 2ND FLOOR, SOHAM MANSION, M.G
ROAD
SECUNDERABAD 500003, Telangana
India

PAN: AAGFV2068P	Assessment Year: 2018-19	Date: 03/12/2020	DIN: ITBA/AST/F/142(1)/2020- 21/1028826809(1)
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Notice under sub-section (1) of Section 142 of the Income Tax Act, 1961

Dear Taxpayer,

Kindly refer to notice u/s 143(2) of the Income-tax Act, dated 22/09/2019 for A.Y 2018-19 for conducting assessment proceedings under E-assessment Scheme, 2019.

2. We appreciate the anxiety and uncertainty that is facing all of us in the times of Covid-19. This communication is to assist you in ending one uncertainty, which is pending e-Assessment in your case for the Assessment Year 2018-19.
3. You are requested and required to kindly furnish or cause to be furnished on or before 18/12/2020 by 11:00 AM, the accounts and documents specified in the Annexure to this notice.
4. The accounts or documents, as mentioned above, are required to be submitted online electronically in 'E-proceedings' facility through your account in e-Filing website (www.incometaxindiaefiling.gov.in)

Yours faithfully,

Additional / Joint / Deputy / Assistant Commissioner of Income Tax,
National e-Assessment Centre,
Delhi

ANNEXURE

With respect to Income from Real Estate business during the year under consideration, kindly submit the below specified details:

1. Please furnish the project wise details for F.Y.2017-18
2. Date of commencement of the project
3. No. of units of each project
4. No. of units sold during the F.Y.2017-18
5. Agreement with customers who have booked the flats
6. Detail of Advance received, like: Name, address with PIN, PAN ledger copy, sales price of the flat as per agreement etc in respect of booking of units
7. Date of completion certificate if completed
8. With respect to the opening and closing stock shown in the financial statement kindly provide the following details :
 1. Please furnish details of closing stock for F.Y.2016-17 and F.Y.2017-18
 2. Please furnish details of inventory of your stock in trade as on the last day of the previous financial year and first day of the current financial year
 3. Please furnish the method of accounting followed for valuation of closing stock along the detailed calculation of closing stock for the current financial year
 4. Please furnish reconciliation of opening and closing stock along with additions made and sales made during the year
 5. Please furnish detailed calculation of work in progress reconciling it with the WIP of the previous financial year.
 6. Item, quantity, and party wise details of sales and purchases alongwith supporting documents and also addresses of the parties.

Yours faithfully,
Additional / Joint / Deputy / Assistant Commissioner of Income Tax/
Income-tax Officer,
National e-Assessment Centre,
Delhi

From

Vista Homes,

5-4-187/3 & 4,

2nd Floor, Soham Mansion,

M.G. Road,

Secunderabad – 500 003.

Date : 18-12-2020

To

Assessing Officer,

National –e Assessment Centre,

Delhi.

Respected sir/Madam,

Sub: IT Scrutiny Assessment Proceedings – Own case – PAN No.AAGFV2068P
Assessment Year 2018-19 – Submission of information – Reg.

Ref: Notice u/s.142(1) dated 03-12-2020 DIN: ITBA/AST/F/142(1)/2020-21/
10288268-9(1)).

In connection with the income tax assessment proceedings for Assessment Year 2018-19, certain information requested for is submitted herewith for your kind consideration.

1. Project wise details for F.Y. 2017-18:

The firm during F.Y. 2017-18 has continued with developmental works on the residential housing project name as The Project is "Vista Homes" Situated at Sy.No.193,194, 195, Kapra, Keesara Mandal, Hyderabad. Under the project 9 towers A to I having 377 flats are being developed. This is the only 1 project that the firm has undertaken in F.Y.2017-18.

2. Date of Commencement of the Project:

The Project is commenced from 06-12-2012.

3. No. of units of each project:

As stated above, there is only one project. There are 9 Blocks A to I and total number of Flats are 377. The details are given Annexure – 1.

4. No. of units sold during the F.Y. 2017-18:

List containing units sold / booked during F.Y. 2017-18 is given in Annexure -2.

5. Agreement with customers who have booked flats:

Few Agreements entered into with the customers as under is enclosed herewith.

S.No.	Name of the Customer	Flat No.	Annexure Reference
1	Mr. Rohit Chauhan	H-406	Annexure - 3
2	D Raju	C-405	Annexure - 4
3	Mr. Krishna Chaitanya Inampudi, & Mrs. Sirisha Inampudi	D-002	Annexure - 5

*Done How
for AP*

4	Neeraj Kumar	F205	Annexure - 6
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6. **Details of Advances received:**
 The details of advances received is enclosed **Annexure - 7**.
 Leger copy of few of the customers is enclosed - **Annexure - 8**.

7. **Date of completion certificate:**
 Upto 31-03-2018 Completion Certificate for Following Blocks have been received

S.No.	Block No.	Date of Certificate	Annexure Reference
1	A & I	31-01-2015	Annexure - 9
2	B & H	27-10-2015	Annexure - 10
3	C	21-08-2017	Annexure - 11
4	G	16-01-2018	Annexure - 12

8. **Details of Opening & Closing Stock:**

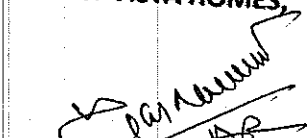
- The firm is engaged in the business of real estate developers and for the purposes of revenue recognition has adopted 'Percentage of Completion Method (PCOM)'. Accordingly, the revenue and the corresponding Construction /Development cost are recognized on the basis of percentage of work completed on each Balance Sheet date. The Computation of Revenue Recognized and Cost Recognized upto 31-3-2018 is enclosed in **Annexure - 13**.
- The details Inventory workings (Land & WIP as on 31-3-2017 and 31-03-2018 are enclosed in **Annexure - 14** and **Annexure - 15** respectively.
- The breakup of expenses incurred during the F.Y.2017-18 is enclosed in **Annexure - 16**.
- The ledger account copy of individual expenses incurred is enclosed in **Annexure - 17**.
- Purchase Invoice copies will be submitted with in 10 days.

We hope you will find the above information in order.

Thanking you,

Yours faithfully,

For VISTA HOMES,


 (PARTNER).

9

Date:30.01.2021

From
Vista Homes,
5-4-187/3 & 4,
2nd Floor, Soham Mansion,
M.G. Road,
Secunderabad – 500 003.

To
Assessing Officer,
National –e Assessment Centre,
Delhi.

Respected sir/Madam,

Sub: IT Scrutiny Assessment Proceedings – Own case – PAN No.AAGFV2068P
Assessment Year 2018-19 – Submission of information – Reg.

Ref: Notice u/s.142(1) dated 03-12-2020 DIN: ITBA/AST/F/142(1)/2020-21/
10288268-9(1)).

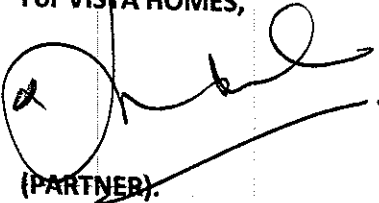
In connection with the income tax assessment proceedings for Assessment Year 2018-19, certain information requested for is e-submitted on 18/12/2020 - in 4 Parts (covering letter dated 18/12/2020). You have requested in the Notice vide Point No 6 to furnish supporting documents for Purchases have requested for some more time to submit the same. We are now submitting the scanned copies of Purchase Bills etc. for your kind consideration. Keeping in view the volume of Bills, we are submitting few Bills only.

We hope you will find the above information in order.

Thanking you,

Yours faithfully,

For VISTA HOMES,



(PARTNER).



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
National e-Assessment Centre
Delhi



To,
VISTA HOMES
5-4-187/3 AND 4, 2ND FLOOR, SOHAM
MANSION, M.G ROAD
SECUNDERABAD 500003, Telangana
India

PAN: AAGFV2068P	Assessment Year: 2018-19	Date: 15/10/2020	DIN: ITBA/AST/S/86/2020-21/1028290759(1)
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Dear Taxpayer,

Kindly refer to the assessment proceedings for Assessment Year 2018-19 pending in your case.

2. We appreciate the anxiety and uncertainty that is facing all of us in the times of Covid-19. This communication is to assist you in ending one uncertainty, which is pending e-Assessment in your case for the Assessment Year 2018-19.

3. In this connection, this is to intimate you that your above referred case shall now be completed under Faceless Assessment Scheme, 2019.

Yours faithfully,

Additional/Joint/Deputy/Assistant Commissioner of Income-tax
National e-Assessment Centre, Delhi

Signature Not Verified
Digitally signed by PRAVIN
AGRAWAL
Date: 2020.10.16 06:24:12 IST



GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE ASSISTANT COMMISSIONER OF INCOME TAX
CIRCLE 10(1),HYDERABAD

To,
VISTA HOMES
5-4-187/3 AND 4, 2ND FLOOR, SOHAM MANSION, M.G
ROAD
SECUNDERABAD 500003, Telangana
India

PAN:
AAGFV2068P

AY:
2018-19

Dated:
24/01/2020

DIN & Notice No :
ITBA/AST/F/142(1)/2019-20/1024232956(1)

Notice under sub-section (1) of Section 142 of the Income Tax Act, 1961

Sir/ Madam/ M/s,

In connection with the assessment for the assessment year 2018-19 you are required to:

- Furnish or cause to be furnished on or before **03/02/2020** at **12:15 PM** the accounts and documents specified overleaf.
- Furnish and verified in the prescribed manner under Rule 14 of I.T. Rules 1962 the information called for as per annexure and on the points or matters specified therein on or before **03/02/2020** at **12:15 PM**.
- The above mentioned evidence/information is to be furnished online electronically in 'E-Proceeding' facility through your account in 'e-filing' website of Income Tax Department.
- Para(s) (a) to (c) are applicable if you have an account in e-filing website of Income Tax Department. Till such an account is created by you, assessment proceedings shall be carried out either through your e-mail account or manually (if e-mail is not available).
- In cases where order has to be passed under section 153A/153C of the Income Tax Act, 1961 read with section 143(3), assessment proceedings would be conducted manually.

Yours faithfully,

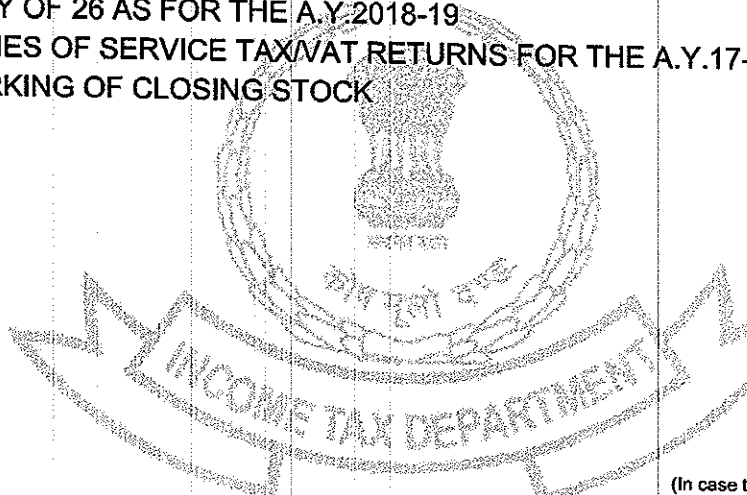
PRAVALIKA KINTHADA
CIRCLE 10(1),HYDERABAD

Note: If digitally signed, the date of digital signature may be taken as date of document.
J T TOWER, AC Guards, Masab Tank, HYDERABAD, Andhra Pradesh, 500004
Email: HYDERABAD.DCIT10.1@INCOMETAX.GOV.IN,

ANNEXURE

PLEASE FURNISH THE DETAILS:

1. NATURE OF BUSINESS/PROFESSIONAL ACTIVITIES
2. INCOME COMPUTATION STATEMENT FOR THE F.Y.2017-18
3. FINANCIAL STATEMENTS FOR THE F.Y.2017-18 ALONG WITH SCHEDULES & LEDGERS
4. DETAILS OF BANK ACCOUNTS HELD BY YOU DURING THE F.Y.2017-18 ALONGWITH THE COPIES OF STATEMENTS
5. DETAILS OF CASH DEPOSITS MADE BY YOU IN YOUR BANK ACCOUNTS, IF ANY, ALONG WITH THE SOURCE AND SUPPORTING EVIDENCE
6. COPY OF 26 AS FOR THE A.Y.2018-19
7. COPIES OF SERVICE TAX/VAT RETURNS FOR THE A.Y.17-18
8. WORKING OF CLOSING STOCK



PRAVALIKA KINTHADA
CIRCLE 10(1),HYDERABAD

(In case the document is digitally signed please refer Digital Signature at the bottom of the page)

12
From
Vista Homes,
5-4-187/3 & 4, 2nd Floor,
Soham Mansion, M.G. Road,
Secunderabad – 500 003.

Date: 03-02-2020.

To
Assistant Commissioner of Income tax,
Circle 10(1),
IT Towers, A.C. Guards,
Hyderabad.

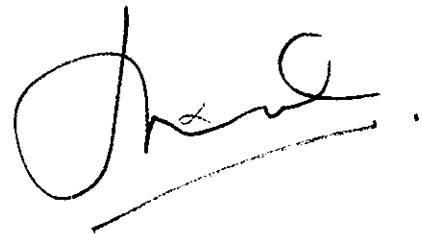
Sub: Assessment proceedings – Own case – Assessment Year 2018-19
PAN AAGFV2068P – Submission of information – Reg.

Ref: Notice u/s.142(1) dt.24-01-2020.

In connection with the income assessment proceedings certain information requested is being furnished herewith.

1. **Note on Business:** The firm is engaged business of Real Estate / Developers / Managers. In the course of Business the firm has developed a housing project named as "Vista Homes" situated at Sy.No.193, 194 & 195, Kusaiguda, Hyderabad.
2. **Income computation Statement:** Copy of Income computation statement for the Financial Year 2017-18 is enclosed herewith **Annexure – I.**
3. **Financial Statements, Schedules and Audit Report:** Copy of Financial statements with schedules & Audit Report for the financial year 2017-18 is enclosed **Annexure – II.**
4. **Bank Accounts:** The bank accounts details are as under:

Bank Name & Branch	Account No.	Account Type	Remarks
HDFC Bank, S.D. Road.	00422320004983	Current Account	Statement enclosed Annexure – III.
HDFC Bank, R.P. Road	50200000365060	Current Account	Statement enclosed Annexure – IV.
Axis Bank	914020043088098	Current Account	Statement enclosed Annexure – V.
State Bank of India	00000062470018341	Current Account	Statement enclosed Annexure – VI
Yes Bank	009763700001387	Current Account	Statement enclosed Annexure – VII.
State Bank of India	31221362415	Current Account	Statement enclosed Annexure - VIII



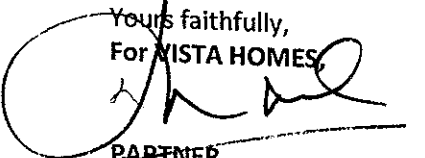
5. **Cash Deposits:** Details of Cash deposits made during the financial year 2017-18 as under:

Date of Deposit	Amount	Bank	Remarks
11-5-2017	20,000/-	State Bank of India, Abids	Day book & Bank statement enclosed Annexure – IX.

6. **26AS:** The copy of 26AS for the financial year 2017-18 is enclosed **Annexure –X.**
7. **Service Tax Vat:** Copies of ST3 Returns per HLY 1 & HLY 2 are attached in **Annexure – XI.** The copies of monthly VAT returns are enclosed **Annexure – XII.**
8. **Working of Closing:** Closing stock work is enclosed **Annexure – XIII.**

We hope you will find the above information in order.

Yours faithfully,
For VISTA HOMES,


PARTNER.



भारत सरकार/ GOVERNMENT OF INDIA
वित्त मंत्रालय/ MINISTRY OF FINANCE
आयकर विभाग/ INCOME TAX DEPARTMENT
विहित आयकर प्राधिकारी का कार्यालय / Office of the Prescribed Income-Tax Authority



सेवा में/ To, VISTA HOMES 5-4-187/3 AND 4, 2ND FLOOR, SOHAM MANSION, M.G ROAD SECUNDERABAD 500003, Telangana India	 JA232072375IN
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स्थायी लेखा संख्या/ PAN: AAGFV2068P	निर्धारण वर्ष/ AY: 2018-19	नोटिस संख्या / Notice No.: ITBA/AST/S/143(2)/2019- 20/1018185620(1)	दिनांक/ Dated: 22/09/2019
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आयकर नियम 1962 के नियम 12 ई के साथ प्रदत्त आयकर अधिनियम 1961 की धारा 143 (2) के अधीन नोटिस
Notice under section 143(2) of the Income-tax Act, 1961 read with Rule 12 E of Income Tax Rules, 1962

संवीक्षा (जांच) (कंप्यूटर आधारित संवीक्षा चयन)
Scrutiny (Computer Aided Scrutiny Selection)

प्रिय करदाता,
Dear Taxpayer,

आपके द्वारा निर्धारण वर्ष 2018-19 के लिए दिनांक 04/10/2018 को पावती सं. 321763061041018 के तहत आयकर विवरणी दाखिल करने के लिए आपको धन्यवाद।
Thank you for filing your return of income for Assessment Year 2018-19 vide Ack. no. 321763061041018 on 04/10/2018.

2. विवरणिका को तैयार करने में आपके ध्यान एवं परिश्रम को स्वीकार करते हुए, कुछ मुद्दों पर और स्पष्टीकरण की आवश्यकता है, जिनके कारण आपकी आय विवरणिका को संवीक्षा (जांच) के लिए चुना गया है, ये मुद्दे प्रारंभ में निम्नानुसार हैं:
2. While acknowledging the care and diligence you may have taken in preparing the return, there are certain issues which need further clarification, for which your return of Income has been selected for scrutiny and such issues initially are as under:

S. No. Issues
i. Income from Real Estate Business

3. उपरोक्त को ध्यान में रखते हुए उल्लेखित मुद्दों के उत्तर आप संबंधित दस्तावेजों (यदि कोई हों) सहित निर्धारण अधिकारी को 'ई-कार्यवाही' सुविधा में अपने ई-फाइलिंग वेबसाइट खाते के जरिए (www.incometaxindiaefiling.gov.in) अपनी सुविधानुसार, दिनांक 07/10/2019 तक या उससे पहले इलेक्ट्रॉनिक माध्यम से प्रस्तुत कर दें।
3. In view of the above, you may submit your response with supporting documents (if any) on the above mentioned issues to the Assessing Officer electronically in 'e-Proceedings' facility through your

Note: If digitally signed, the date of digital signature may be taken as date of document.

1. The Notice/Letter/Order No. mentioned above may be treated as DIN for the purpose of procedure for issuance of Income Tax Notice prescribed by Circular No.19/2019 dt. 14 August 2019.
2. This notice u/s 143(2) is issued by the Prescribed Income-tax Authority u/s 143(2) of the IT Act, 1961 notified by the CBDT vide notification No. 65/2019 dated 13 September 2019. This office does not have a physical address.

'ई-कार्यवाही' पर टिप्पणी

Note on 'e-Proceeding'

1. ई-गवर्नेंस पहल के एक हिस्से के रूप में, इलेक्ट्रॉनिक माध्यम से निर्धारण प्रक्रिया के संचालन के लिए आयकर विभाग ने 'ई-कार्यवाही' की सुविधा विकसित की है। यह निर्धारण प्रक्रिया के संचालन के लिए आयकर कार्यालय का दौरा करने की आवश्यकता के बिना, इलेक्ट्रॉनिक माध्यम से, विभाग एवं निर्धारिती के बीच संचार का परेशानी से मुक्त एक सरल तरीका है यह सुविधा वातावरण अनुकूल है क्योंकि निर्धारण प्रक्रिया कागजरहित हो गई है।
1. As a part of e-Governance initiative, to facilitate conduct of assessment proceedings electronically, Income-tax Department has developed the 'e-Proceeding' facility. It is a simple way of communication between the Department and-assessee in a hassle free manner, through electronic means, without the necessity to visit Income-tax Office for conduct of assessment proceedings. This new facility is also environment friendly as assessment proceedings have now become paperless.
2. 'ई-कार्यवाही' कार्यशीलता के माध्यम से निर्धारण प्रक्रियाओं में निर्धारिती के ई-फाइलिंग खाते में, निर्धारण अधिकारी से पत्र, नोटिस, प्रश्नावली व आदेश आदि का सहज प्रवाह होता है। विभागीय संचार प्राप्ति के उपरान्त निर्धारिती अपना उत्तर संलग्नक सहित (यदि कोई हो) को ई-फाइलिंग पोर्टल पर अपलोड करके प्रस्तुत करने में सक्षम है। निर्धारिती द्वारा प्रस्तुत उत्तर निर्धारण अधिकारी द्वारा भी इलेक्ट्रॉनिक माध्यम से देखा जाता है। इस प्रकार करदाता के अमूल्य समय को बचाने के अलावा, 'ई-कार्यवाही', निर्धारण प्रक्रिया के दौरान 24X7 कभी भी / कहीं भी विभागीय प्रश्नों का उत्तर देने की आसान सुविधा भी प्रदान करता है।
2. In assessment proceedings through the 'e-Proceeding' functionality, there is a seamless flow of letters, notices, questionnaires, orders etc. from Assessing Officer to assessee's e-Filing account. On receipt of Departmental communication, assessee is able to submit his response along with attachments, if any, by uploading the same on the e-Filing portal. The response submitted by the assessee is also viewed by the Assessing Officer electronically. Thus, besides saving precious time of the taxpayer, 'e-Proceeding' also provides a 24X7 anytime/anywhere convenient facility to submit response to the Departmental queries in course of assessment proceedings.
3. 'ई-कार्यवाही' सुविधा के माध्यम से की जा रही कार्यवाही में निर्धारिती अपने ई-फाइलिंग खाते में निर्धारण की कार्यवाही के दौरान दाखिल समस्त ई-सबमिशन की पूरी जानकारी रखता है जो संदर्भ व रिकार्ड उद्देश्यों के लिए उपयोगी होता है।
3. In proceedings being carried out through the 'e-Proceeding' facility, assessee retains complete information of all e-Submissions made during the course of assessment proceedings in his e-Filing account which is very useful for reference & record purposes.
4. 'ई-कार्यवाही' के अंतर्गत मामलों में निम्नलिखित स्थिति में सुनवाई को प्रत्यक्ष रूप से आयोजित किया जा सकता है।
 - I. जहाँ बही-खाता की जांच की जानी है; या
 - II. जहाँ आयकर अधिनियम 1961 की धारा 131 का प्रावधानों का आह्वान किया गया है; या
 - III. जहाँ निर्धारिती या निर्धारण अधिकारी द्वारा गवाह का परीक्षण किया जाना है; या
 - IV. जहाँ किसी भी प्रतिकूल दृष्टिकोण पर विचार करने के लिए कारण बताओ नोटिस जारी किया जाता है तथा मामले को समझाने हेतु निर्धारिती व्यक्तिगत सुनवाई का अनुरोध करता है।
4. In cases under 'e-Proceeding', hearing may be conducted manually in following situation(s):
 - I. where books of accounts have to be examined; or

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From
Vista Homes,
5-4-187/3 & 4, 2nd Floor,
Soham Mansion, M.G. Road,
Secunderabad – 500 003.

Date : 04-11-2019.

To
Income tax Officer,
Ward 10(2)/ Hyd.,
I.T. Towers, A.C. Guards,
Hyderabad.

Sir,

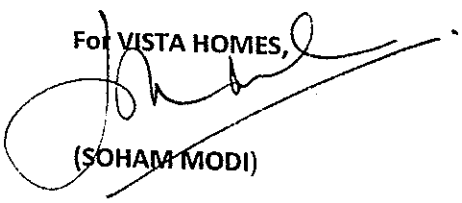
Sub: IT Asst Scrutiny proceedings – Own case – PAN No.AAGFV2068P.
Assessment Year 2017-18 – submission of information – Reg.
Ref: Your notice u/s.143(2) dt.22-09-2019.

In connection with the Income tax assessment proceedings certain information requested for vide your letter dated 23-09-2019 is submitted hereunder.

- 1. Financial Statements & Audit Report:** Financial statements & Audit report for the financial year 2017-18 are enclosed annexure – I.

Yours faithfully,

For VISTA HOMES,


(SOHAM MODI)

PARTNER.