

आयकर अपीलिय अधिकरण, जयपुर न्यायपीठ, जयपुर
IN THE INCOME TAX APPELLATE TRIBUNAL, JAIPUR BENCHES, JAIPUR

श्री विजय पाल रॉव, न्यायिक सदस्य एवं श्री भागचन्दादव, लेखा सदस्य के समक्ष
BEFORE: SHRI VIJAY PAL RAO, JM & SHRI BHAGCHAND, AM

आयकर अपील सं./ITA No. 747/JP/2017
निर्धारण वर्ष/Assessment Years : 2013-14.

M/s. Mittal Hospital Ltd., Pushkar Road, Ajmer.	बनाम Vs.	The ACIT, Circle – 2, Ajmer.
स्थायी लेखा सं./जीआईआर सं./PAN/GIR No. AABCM 1115 A		
अपीलार्थी / Appellant		प्रत्यर्थी / Respondent

निर्धारिती की ओर से / Assessee by : Shri Sandeep Jhanwar (C.A.)
राजस्व की ओर से / Revenue by : Smt. Seema Meena (JCIT)

सुनवाई की तारीख / Date of Hearing : 02.05.2018.
घोषणा की तारीख / Date of Pronouncement : 03/05/2018.

आदेश / ORDER

PER VIJAY PAL RAO, J.M.

This appeal by the assessee is directed against the order dated 13th July, 2017 of Id. CIT (A), Ajmer for the assessment year 2013-14. The assessee has raised the following grounds of appeal :-

- " (1) That the learned commissioner of Income-Tax (Appeals), Ajmer has grossly erred in law as well as on facts in upholding the addition of boundary wall of Rs. 8,55,750/- to the cost of construction of Mittal College of Nursing, Ajmer.
- (2) That as per books of accounts of the appellant company, the value of Civil Construction of Nursing College comes to Rs. 4,30,17,650/- before adding expenditure on electrification of Rs. 9,11,871/- in the cost of construction of Nursing College of Rs. 4,30,17,650/-, the valuation comes to Rs. 4,39,29,521/-.

- (2)(ii) The valuer has given the valuation of building of Mittal College of Nursing at Rs. 4,24,09,061/- and if we added boundary cost of Rs. 8,55,750/- in it, the total valuation comes to Rs. 4,32,64,810/- as against books of accounts, it is Rs. 4,39,29,521/-.

In view of the facts and circumstances of the case the addition of Rs. 8,55,750/- are contrary to the facts and bad-in-law and deserve to be deleted. Therefore, it is prayed that the addition of Rs. 8,55,750/- which is already included in cost of Mittal College of Nursing building may please be deleted.

- (3) The appellant further begs to leave, to add, to alter, amend or delete any grounds on or before the date of hearing of the appeal."

2. The only issue arises in this appeal of the assessee for our consideration and adjudication is the addition made by the AO on account of the cost of construction of the building of Mittal Nursing College to the extent of Rs. 8,55,750/- being the cost of boundary wall.

3. We have heard the Id. A/R as well as the Id. D/R and considered the relevant material on record. During the course of assessment proceedings, the AO noted that the assessee has made an addition of Rs. 11,30,44,635/- in the building account. As per the details furnished by the assessee and valuation report dated 8.3.2016 prepared by the Approved Valuer, the cost of construction as shown in the books of accounts and as per the Valuation Report is given by the AO in para 4.3 as under :-

	As per Approved Valuer			As per Books/CA	Difference
	Total assessment of cost	Less Supervision charges/Cheaper material @ 5%	Net value of property		
Nursing College	4,46,41,116/-	22,32,056/-	4,24,09,060/-	4,30,17,650/-	(-) 6,08,590/-
Hospital Building	4,37,48,717/-	21,87,436/-	4,15,61,281/-	4,08,24,869/-	7,36,412/-

The dispute is only regarding the cost of construction of boundary wall of Nursing College of assessee. As per the details given in the above table, the assessee has shown the cost of construction of the building at Rs. 4,30,17,650/- which was shown in the Valuation Report of the Approved Valuer at Rs. 4,24,09,060/-. Thus there was a difference of Rs. 6,08,590/- which is shown by the assessee more in the books of accounts in comparison to the cost of construction estimated by the Approved Valuer. The AO further noted that the valuer has not taken into consideration the cost of boundary wall while estimating the cost of construction and accordingly the AO has made an addition of Rs. 8,55,750/- on account of the cost of construction of compound/boundary wall of Nursing College. The assessee challenged the action of the AO before Id. CIT (A) but could not succeed. We find that when the AO has accepted the Valuation Report of the Approved Valuer, then the addition made by the AO of Rs. 8,55,750/- without giving the credit of Rs. 6,08,590/-, which is more as per the books of accounts of the assessee in comparison to the cost of construction estimated by the Approved Valuer is not justified. Our attention was also invited to the details of the expenditure incurred by the assessee on cost of construction and as per the ledger accounts maintained for construction purpose, we find that the assessee has separately shown the cost of electrical items to the extent of Rs. 9,89,587/- which is not part of the cost of construction of Rs. 4,30,17,650/- shown by the assessee in the books of accounts in respect of Nursing College building. Whereas as per the Valuation Report the Approved Valuer has estimated the cost of construction by including the cost of electrical items at 10% of the total cost of construction. Thus when the assessee has separately included more than Rs. 9.00 lacs as cost of electrical items apart from the cost of construction of building,

then the total cost of construction including the electrical items shown by the assessee in the books of accounts would come to about Rs. 4.40 crores in comparison to the cost of construction estimated by the Approved Valuer at Rs. 4.24 crores. In view of the above facts and circumstances of the case, we find that the addition made by the AO on account of cost of construction of the boundary wall without appreciating the fact that the assessee has shown more cost of construction in the books of accounts than the cost of construction estimated by the AO. Thus the said addition is not justified. Even otherwise, the addition made by the AO is within the tolerance range as the difference is only around 2% and, therefore, when the AO has accepted the Valuation Report of the Approved Valuer, no further addition is called for. Accordingly, we delete the addition made by the AO on this account.

4. In the result, appeal of the assessee is allowed.

Order pronounced in the open court on 03/05/2018.

Sd/-
(भागचन्द)
(BHAGCHAND)

लेखा सदस्य / Accountant Member
जयपुर / Jaipur

दिनांक / Dated :- 03/05/2018.

das/

आदेश की प्रतिलिपि अग्रेषित / Copy of the order forwarded to:

1. अपीलार्थी / The Appellant- M/s. Mittal Hospital, Ajmer.
2. प्रत्यर्थी / The Respondent-The ACIT Circle-2, Ajmer.
3. आयकर आयुक्त / CIT
4. आयकर आयुक्त / CIT(A)
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, जयपुर / DR, ITAT, Jaipur
6. गार्ड फाईल / Guard File {ITA No. 747/JP/2017}

आदेशानुसार / By order,
सहायक पंजीकार / Asst. Registrar

