

IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCH "A", HYDERABAD
BEFORE SMT. P. MADHAVI DEVI, JUDICIAL MEMBER
AND
SHRI A. MOHAN ALANKAMONY, ACCOUNTANT MEMBER
(THROUGH VIRTUAL HEARING)

ITA No. 1995/Hyd/2017 (AY: 2013-14)		
M/s. RVPR Constructions Private Limited, Hyderabad. PAN: AAECR 9771 L	Vs.	Income Tax Officer, Ward-3(2), 7th Floor, Signature Towers, Kondapur, Hyderabad.
(Appellant)		(Respondent)

ITA No. 1994/Hyd/2017 (AY: 2014-15)		
M/s. RVPR Constructions Private Limited, Hyderabad. PAN: AAECR 9771 L	Vs.	DCIT, Circle-3(1), 7th Floor, Signature Towers, Kondapur, Hyderabad.
(Appellant)		(Respondent)
Assessee by:		Shri A.V. Raghuram
Revenue by:		Shri Narayana Murthy Naik, DR
Date of hearing:		01/10/2020
Date of pronouncement:		14/10/2020

ORDER

PER A. MOHAN ALANKAMONY, AM.:

These two appeals are filed by the assessee against the orders of the Ld. CIT (A)-3, Hyderabad in appeal Nos. 0513/ITO-W-3(2)/Hyd/CIT(A)-3/2016-17 and appeal No. 0521/DCIT-

3(1)/Hyd/CIT(A)-3/2016-17, dated 27/09/2017 passed U/s. 143(3) r.w.s 250(6) of the Act for the AYs 2013-14 and 2014-15 respectively.

2. The assessee has raised several grounds in both the appeals however, the crux of the issue is that :-

AY: 2013-14:

3. The Ld. CIT (A) has erred in confirming the order of the Ld. AO who had added the difference of receipt stated in Form 26AS and the actual receipt declared by the assessee to the income of the assessee for the relevant Asst. Year viz., amounting to Rs. Rs. 67,80,371/- when it was admitted as income in the subsequent assessment year, the year in which the contract was executed.

AY: 2014-15:

4. The Ld. CIT (A) has erred by directing the Ld.AO to reduce the amount of Rs. 67,80,371/- from the gross receipts of the assessee subject to verification that the same was included as income during the Asst. Year 2014-15.

5. The brief facts of the case are that the assessee is a Private Limited Company engaged in the business of erecting steel structure equipments and fabrication. The assessee had filed its return of income on 5/10/2014 and 25/09/2014 declaring its total income of Rs.

73,55,570/- and Rs. 1,21,30,549/- for the AY 2013-14 and 2014-15 respectively. Subsequently, both the returns were taken up for scrutiny and assessment was completed U/s. 143(3) of the Act on 11/3/2016 and 22/09/2016 for the AY 2013-14 and 2014-15 respectively wherein for the AY 2013-14 the Ld. AO made certain additions amongst which one of the addition was amounting to Rs. Rs. 67,80,371/- being the difference of gross receipts stated in Form 26AS and the Gross receipts declared in the P & L Account of the assessee company, without reducing the same amount from the gross receipts for the AY 2014-15 as it was already included in the gross receipts of that year. On appeal, the Ld. CIT (A) dismissed the appeal of the assessee for the AY 2013-14 and thereby confirmed the order of the Ld. AO. However, the Ld. CIT (A) directed the Ld. AO to reduce the amount of Rs. 67,80,371/- from the gross receipts of the AY 2014-15 subject to verification that it was already included in the Gross receipts. Aggrieved by the orders of the Ld. CIT (A) for both the assessment years, the assessee is in appeal before us.

6. Before us, the Ld. AR submitted that the amount of Rs. 67,80,371/- was received by the assessee as mobilization advance during the AY 2013-14 and the work was not completed during the relevant AY. However, the client of the assessee had deducted TDS when the payment was made to the assessee and therefore, it was

reflected in the Form 26AS. Since the work was not completed the assessee had not recognised the same as revenue receipt for the AY 2013-14, but showed it as “mobilization advance received” in the books of accounts. The Ld. AR further submitted that the work was completed during the subsequent AY 2014-15 and therefore the assessee recognised the amount of Rs. 67,80,371/- as the revenue receipt for the AY 2014-15. It was therefore pleaded that there was no infirmity committed by the assessee and the addition made for the AY 2013-14 for Rs. 67,80,371/- may be deleted as the same amount was declared as the revenue receipt of the assessee for the AY 2014-15. The Ld. DR though argued in support of the orders of the Ld. Revenue Authorities could not successfully controvert to the submissions of the Ld. AR.

7. We have heard the rival submissions and carefully perused the materials available on record and we find merit in the submissions of the Ld. AR. The Mobilization Advance received by the assessee during the AY 2013-14 cannot be recognised as the revenue receipt of the assessee if the work pertaining to the mobilization advance is not completed. Accordingly, the assessee has rightly declared the amount of Rs. 67,80,371/- as the revenue receipt for the AY 2014-15 the year in which the assessee has completed the work. In such situation, the addition made by the Ld. AO for the AY 2013-14 for Rs. 67,80,371/- being the difference between the receipt stated in the Form 26AS and

the gross receipts declared by the assessee is not warranted. Hence, we hereby direct the Ld. AO to delete the addition of Rs. 67,80,371/- made in the AY 2013-14 subject to verification that the same amount is included in the gross revenue for the AY 2014-15 the year in which the work pertaining to the mobilization advance is completed. We also hereby make it clear that if the assessee has not included the same amount of Rs. 67,80,371/- in the gross revenue for the AY 2014-15, the Ld. AO is at liberty to verify in which assessment year the work pertaining to the mobilization advance was completed and treat it as the gross revenue for the relevant assessment year. Needless to mention that the TDS credit shall be granted to the assessee in the assessment year in which the corresponding revenue is recognized after making necessary corrections if any in the relevant assessment year. It is ordered accordingly.

8. In the result, both the appeals of the assessee are allowed for statistical purposes as indicated herein above.

Order Pronounced in the open Court on 14th October, 2020.

Sd/-

(Smt. P. MADHAVI DEVI)
JUDICIAL MEMBER

Hyderabad, Dated: 14th October, 2020.

OKK

Sd/-

(A. MOHAN ALANKAMONY)
ACCOUNTANT MEMBER

Copy to:-

- 1) M/s. RVPR Constructions Private Limited, C/o. K. Vasantkumar, A.V. Raghu Ram, P. Vinod & M. Neelima Devi, Advocates, 610, Babukhan estate, basheerbagh, Hyderabad-1.
- 2) Income Tax Officer, Ward-3(2), 7th Floor, Signature Towers, Kondapur, Hyderabad.
- 3) The CIT (Appeals)-3, Hyderabad.
- 4) The Principal Commissioner of Income Tax-3, Hyderabad.
- 5) The DR, ITAT, Hyderabad
- 6) Guard File