

आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
'A' BENCH, CHENNAI

श्री महावीर सिंह, उपाध्यक्ष एवं श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND**  
**SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.: **874/CHNY/2019**  
निर्धारण वर्ष /Assessment Year: 2014-15

**Shri C P Kunhimohammed,**  
39, Wall Tax Road,  
Sowcarpet,  
Chennai – 600 079.

**The ACIT,**  
v. Central Circle – 2(3),  
Chennai - 34.

**PAN: AAPPK 2443N**

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: Shri N.V. Balaji, Advocate

प्रत्यर्थी की ओर से/Respondent by

: Shri AR. V. Sreenivasan, Addl. CIT

सुनवाई की तारीख/Date of Hearing

: 05.04.2022

घोषणा की तारीख/Date of Pronouncement

: 11.04.2022

**आदेश /O R D E R**

**PER MAHAVIR SINGH, VP:**

This appeal by the assessee is arising out of the revision order of the learned Principal Commissioner of Income Tax -2, Chennai u/s. 263 of the Income Tax Act, 1961 (hereinafter 'the Act') in C.No.2744/C-2/2018-19 dated 01.02.2019. The assessment was

framed by the ACIT, Central Circle 2(3), Chennai for the assessment year 2014-15 u/s.143(3) of the Act vide order dated 07.11.2016.

2. The only issue in this appeal of assessee is as regards to the revision order passed by PCIT u/s.263 of the Act revising the assessment by wrongly considering the income derived by assessee by way of rent on premises not owned by him as 'income from house property' and also erred in disallowing entire expenses claimed to the tune of Rs.1,55,59,128/- and holding the assessment order as erroneous as well as prejudicial to the interest of Revenue. For this assessee has raised various grounds which are argumentative in nature and hence, the same are not reproduced.

3. Brief facts are that the assessment was framed for the assessment year 2014-15 u/s.143(3) of the Act and AO framed the assessment and accepted the income returned by the assessee. Subsequently, the PCIT noticed from the return of income that the assessee has admitted the following incomes:-

Interest from savings bank account	22,729
Brokerage	3,31,261
Income from contractors and subcontractors	29,22,810
Interest item	3,90,150
Rent item	1,21,97,325 & Rs.17000
Other item	87,874

He also noted that the assessee has claimed expenses for rent paid to the tune of Rs.91,80,720/- and expenses towards brokerage, contract receipts and rent received to the tune of Rs.63,78,408/-. According to the notice issued by PCIT, he noted that assessee has not offered the contract receipts u/s.44AD of the Act and the property income i.e., rental income u/s. 22 of the Act. According to PCIT, the assessee has claimed excessive expenses and therefore the entire expenses claimed to the tune of Rs.1,55,59,128/- is to be disallowed. He issued show cause notice for the same accordingly. The assessee before PCIT vide letter dated 22.01.2019 disclosed that the assessee has earned rental income of Rs.1,21,97,325/- from various parties to whom it has provided warehousing for rent apart from additional responsibility to other C&F operations. The assessee has also explained that he has earned projects, contract and sub-contract receipts amounting to Rs.29,22,610/- and AO has assessed these incomes after allowing expenses claimed. The Id.counsel for the assessee stated that the assessee has paid rent to various parties amounting to Rs.91,80,720/- and claimed the same from rental income, as the assessee has disclosed this rent earned from leased warehouses as 'income from other sources' and claimed the payment of rent as expenses.

4. When a query was put to Id.counsel for the assessee whether the same was explained to the AO, he could not reply that whether any enquiry was conducted by the AO. The Id. Senior DR relied on the order of PCIT and urged the Bench to uphold the revision order.

5. We have heard rival contentions and gone through facts and circumstances of the case. We noted that the AO in his assessment order has not considered the issue of rental income, whether the same is 'income from house property' or 'income from other sources'. Secondly, the AO without making any enquiry allowed the expenses claimed by the assessee to the tune of Rs.91,80,720/- out of rental receipts shown at Rs.1,21,97,325.-. The assessee has also claimed expenditure towards brokerage, contract receipts and rent receipts to the tune of Rs.63,78,408/- and the AO without making any sort of enquiry into these expenses accepted the returned income of the assessee. We noted that these expenses are allowed by the AO without any enquiry and it is a case of no enquiry at all. Hence, we are of the view that PCIT has rightly passed the revision order and directed the AO to reframe the assessment accordingly. We find no infirmity in the order of PCIT and hence, the same is confirmed. Needless to say, the AO, uninfluenced by the findings of

the PCIT or of the Tribunal, will make reassessment after taking evidences from the assessee as per law.

6. In the result, the appeal filed by the assessee is dismissed.

Order pronounced in the court on 11<sup>th</sup> April, 2022 at Chennai.

Sd/-

(मनोज कुमार अग्रवाल)

**(MANOJ KUMAR AGGARWAL)**

लेखा सदस्य /ACCOUNTANT MEMBER

Sd/-

(महावीर सिंह )

**(MAHAVIR SINGH)**

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 11<sup>th</sup> April, 2022

**RSR**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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|------------------------|--------------------------|------------------------------|
| 1. अपीलार्थी/Appellant | 2. प्रत्यर्थी/Respondent | 3. आयकर आयुक्त (अपील)/CIT(A) |
| 4. आयकर आयुक्त /CIT    | 5. विभागीय प्रतिनिधि/DR  | 6. गार्ड फाईल/GF.            |