

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई।  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'B' BENCH: CHENNAI**

श्री महावीर सिंह, माननीय उपाध्यक्ष, एवं  
श्री जी. मंजूनाथा, माननीय लेखा सदस्य के समक्ष  
**BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT AND**  
**SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.364/Chny/2022  
निर्धारण वर्ष /Assessment Year: 2017-18

M/s.Shreekeerti Properties Pvt. Ltd.,  
No.19, (O.No.11), Newry Grandeur,  
B-Block,  
2<sup>nd</sup> Avenue, Anna Nagar East,  
Chennai.

[PAN: AAKCS 6378 N]

(अपीलार्थी/Appellant)

v. The Asst. Commissioner-  
of Income Tax,  
Corporate Circle-6(1),  
Chennai.

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by : Mr.G.Vardini Karthik, Adv.  
प्रत्यर्थी की ओर से /Respondent by : Mr.N.Sanjay Gandhi, Addl.CIT  
सुनवाई की तारीख/Date of Hearing : 15.09.2022  
घोषणा की तारीख /Date of Pronouncement : 21.09.2022

**आदेश / ORDER**

**PER G. MANJUNATHA, ACCOUNTANT MEMBER:**

This appeal filed by the assessee is directed against the order of the Principal Commissioner of Income Tax, Chennai-3, dated 25.03.2022 and pertains to assessment year 2017-18.

2. The brief facts of the case are that the assessee M/s.Shreekeerti Properties Pvt. Ltd., is engaged in the business of development of flats filed its return of income for the AY 2017-18 on 26.10.2017 declaring total income of Rs.12,39,04,530/-. The assessment has been completed u/s.143(3) of the Act, on 26.12.2019 and accepted declared income. The

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case has been taken up for revision proceedings u/s.263 of the Act, on the ground that although, the assessee is recognizing income from Elite Project on project completion method, but the assessee did not offer income in full, even though, the proportionate income for the AY 2017-18 was at 10% of total income from the project. Further, the assessee has offered only 5.41% of profit. Thus, there is a difference of Rs.1,45,00,800/- in the income declared for the project for the AY 2017-18. The AO without considering the above facts simply completed assessment, which rendered the assessment order to be erroneous and it is prejudicial to the interest of the Revenue. Therefore, set aside the assessment order passed by the AO dated 26.12.2019 and direct the AO to re-do the assessment after considering 10% of total Revenue of the project and make addition of Rs.1,45,00,800/- to assessed to income. Aggrieved by the order of the PCIT, the assessee is in appeal before us.

**3.** The Ld.AR for the assessee submitted that the PCIT erred in directing the AO to assess the income at Rs.13,84,05,330/- as against assessed income of Rs.12,39,04,530/- without giving an opportunity to the assessee to explain its case. Therefore, the issue may be set aside to the file of the PCIT to explain the case of the assessee.

**4.** The Ld.DR, on the other hand, supporting the order of the PCIT, submitted that there is a clear difference between income offered in the books of accounts and income to be offered on percentage completion

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method and the PCIT has rightly quantified the difference income to be offered and thus, there is no error in the reasons given by the PCIT to set aside the assessment order passed by the AO and their orders should be upheld.

**5.** We have heard both the parties, perused the materials available on record and gone through orders of the authorities below. The PCIT has revised the assessment order u/s.263 of the Act, on the ground that assessment order passed by the AO is erroneous in so far as it is prejudicial to the interest of the Revenue. The PCIT has given reasons for setting aside the assessment order passed by the AO. As per which, the assessee has recognized Revenue from construction contract on percentage completion method and as per said method for the AY 2017-18, the assessee had offered 10% Revenue from the project, which works out to Rs.3,15,93,800/-, whereas, the assessee has offered only Rs.1,70,93,000/- @10%, though, it actually works out to only 5.41%. Thus, there is a difference of Rs.1,45,00,800/- and the same has not been explained by the assessee. Although, the assessee argued that the difference amount has been subsequently offered to tax in the next financial year, but said facts needs to be verified by the AO. Therefore, we are of the considered view that there is no error in the reasons given by the PCIT to set aside the assessment order passed by the AO u/s.143(3) of the Act, dated 26.12.2019, in terms of s.263 of the Act. Hence, we direct the AO to carry out necessary enquiries with regard to the issue pointed out by the PICT in

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light of explanation furnished by the assessee without any influence from the findings recorded by the PCIT in Para No.6 of his order dated 25.03.2022. With the above modifications, we are inclined to uphold order passed by the PCIT u/s.263 of the Act.

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

Order pronounced on the 21<sup>st</sup> day of September, 2022, in Chennai.

**Sd/-**  
**(महावीर सिंह)**  
**(MAHAVIR SINGH)**  
**उपाध्यक्ष /VICE PRESIDENT**

**Sd/-**  
**(जी. मंजूनाथा)**  
**(G. MANJUNATHA)**  
**लेखा सदस्य/ACCOUNTANT MEMBER**

चेन्नई/Chennai,  
दिनांक/Dated: 21<sup>st</sup> September, 2022.  
**TLN**

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

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