

आयकर अपीलिय अधिकरण, विशाखापटणम पीठ, विशाखापटणम
IN THE INCOME TAX APPELLATE TRIBUNAL,
VISAKHAPATNAM BENCH, VISAKHAPATNAM

श्री दुव्वूरु आर एल रेड्डी, न्यायिक सदस्य एवं श्री एस बालाकृष्णन, लेखा सदस्य के समक्ष

BEFORE SHRI DUVVURU RL REDDY, HON'BLE JUDICIAL MEMBER &
SHRI S BALAKRISHNAN, HON'BLE ACCOUNTANT MEMBER

आयकर अपील सं./ I.T.A. No.307/Viz/2024
(निर्धारण वर्ष / Assessment Year : 2015-16)

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| Rami Reddy Infra Projects Private Limited, Visakhapatnam. PAN: AAHCR4242F (अपीलार्थी/ Appellant) | Vs. | Income Tax Officer, Ward-2(1), Visakhapatnam. (प्रत्यर्थी/ Respondent) |
| अपीलार्थी की ओर से/ Appellant by | : | Sri GVN Hari, AR |
| प्रत्यर्थी की ओर से / Respondent by | : | Dr. Satyasai Rath, CIT-DR |
| सुनवाई की तारीख / Date of Hearing | : | 01/10/2024 |
| घोषणा की तारीख/Date of Pronouncement | : | 30/10/2024 |

O R D E R

PER DUVVURU RL REDDY, Judicial Member :

This appeal is filed by the assessee against the order of the Ld. Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi ["Ld. CIT(A)-NFAC"] in DIN & Order No. ITBA/NFAC/S/250/2024-25/1067156129(1), dated 30/07/2024

arising out of the order passed U/s. 147 r.w.s 144 of the Income Tax Act, 1961 [“the Act”] for the AY 2015-16.

2. Briefly stated the facts of the case are that the assessee is a Private Limited Company incorporated on 19/01/2015. The assessee company registered an immovable property in its name on 22/01/2015 being purchased by promoters earlier by making advances. The assessee company filed its return of income from the AY 2016-17 onwards. For the AY 2015-16, the assessee has not filed its return of income, being except the above property registered on its name, no other transactions / business takes place. A notice U/s. 148 of the Act was issued on the assessee-company on 30/03/2021 for filing the return of income for the AY 2015-16. Since the assessee was not able to track the notice the assessee has not filed the return of income in response to the notice U/s. 148 of the Act. Subsequently, notices U/s. 142(1) of the Act was issued on the assessee on 19/07/2021 and called for certain information. The assessee failed to furnish the return of income as they could not track the notice. Since the assessee has not filed its return of income for the AY 2015-16, the Ld. AO came to the conclusion that the assessee has failed to explain the source of investment made in the immovable property.

Accordingly, the Ld. AO completed the assessment and treated the entire sale consideration of Rs. 6,62,00,000/- as unexplained investment U/s. 69 of the Act. On being aggrieved, the assessee filed an appeal before the Ld. CIT(A)-NFAC.

3. Before the Ld. CIT(A)-NFAC, the assessee has submitted that on 24/03/2022 the assessee filed ledger statement of Shri K. Bhaskar Reddy who paid for the purchase of land and he is Director of the assessee company. The assessee has not filed the acknowledgement copy before the Ld. CIT(A)-NFAC establishing that he has already filed the ledger copy and bank statements of the Director of the assessee-company regarding the payments / advances for the purchase of immovable property in the name of the assessee-company. Considering the above facts, the Ld. CIT(A)-NFAC dismissed the appeal filed by the assessee and confirmed the order passed by the Ld. AO. On being aggrieved, the assessee preferred appeal before the Tribunal by raising the following grounds of appeal:

- “1. The order of the Ld. CIT(A)-NFAC in confirming the assessment framed by the AO U/s. 147 r.w.s 144B r.w.s 144B of the Act without considering the submission of the assessee is unsustainable both in law and on facts.*
- 2. The Ld. CIT(A)-NFAC ought to have granted one more opportunity and his / her action is against the principles of natural justice.*

3. *The Ld. CIT(A)-NFAC is wrong in dismissing the appeal on 30/07/2024 when time was granted till 31/07/2024 in the hearing notice and hence is against the principles of natural justice.*
4. *The order of the Ld. CIT(A)-NFAC in confirming the assessment by the AO making addition of Rs. 6,62,00,000/- towards alleged unexplained investment is unsustainable both in law and on facts.*
5. *The Ld. CIT(A)-NFAC ought to have considered the submissions / evidences made vide Rule 46A while filing Form-35.*
6. *Appellant craves leave to add amen and or alter the stands as the occasion may warrant.”*

4. At the outset, it was the submission of the assessee that the assessee-company has not purchased the immovable property i.e., land and the entire sale considered was paid by its Director viz., K. Bhaskar Reddy. He further submitted that all the payments details were reflected in the sale deed itself. Further, the Ld. AR also submitted that all the payments were made even prior to incorporation of the assessee-company and also all the payments were made through banking channels. The Ld. AR also submitted that the assessee has also filed the ledger copies of the bank account which clearly establishes the source of purchase of the immovable property and also the entire transaction was recorded in the company's books of account showing the sale consideration as loan amount of the Director of the assessee-company. However, the Ld. Revenue Authorities failed to consider the same even though all the details are very much

available in the sale deed itself. Therefore, the Ld. AR pleaded to set-aside the orders passed by the Ld. Revenue Authorities and allow the grounds raised by the assessee.

5. On the other hand, the Ld. DR heavily relied on the orders of the Ld. Revenue Authorities and argued in support of their decision.

6. We have heard both the sides and perused the material available on record as well as the orders of the Ld. Revenue Authorities. It is an admitted fact that the assessee-company was incorporated on 19/01/2015. The assessee purchased the immovable property under a registered sale deed on 22/01/2015. We have also perused the sale deed copy of the immovable property. On perusal of the sale deed copy, page-5 contains the details of payments made to the purchaser. We have also perused the bank statements of the Director of the assessee-company by name Mr. K. Bhaskar Reddy and on perusal of these documents, it is clear that all the payments were made from Karur Vysya Bank, Oriental Bank of Commerce and Union Bank of India. All these bank accounts are belonging to the Director of the assessee-company and it clearly establishes that the

assessee-company has not invested even a single rupee from its account. Moreover, the assessee-company has also filed the Director's current account summary and ledger account of the Director, details of payment made to Sardar Projects Pvt Ltd. All these documents clearly establish that the assessee-company has not invested any amount for the purpose of purchase of the immovable property in the name of the assessee-company. Therefore, we have no hesitation to come to the conclusion that the Director Mr. K. Bhaskar Reddy had made the payments for purchase of the immovable property in the name of the assessee-company. However, the Ld. DR brought to our notice that even though all the details filed by the assessee company is establishing that the assessee has not incurred an expenditure to purchase the immovable property, the Ld. Revenue Authorities had no occasion to verify these details. Therefore, considering the plea of the Ld. CIT-DR, we remit the matter back to the file of the Ld. AO with a specific direction that the Ld. AO should examine whether the payments are made by the assessee-company or its Director Mr. K. Bhaskar Reddy. If the Ld. AO finds that the entire amount is paid by Mr. K.

Bhaskar Reddy as pleaded by the assessee, the addition made by the Ld. AO is not warranted. It is ordered accordingly.

7. In the result, appeal filed by the assessee is allowed for statistical purposes as indicated herein above.

Order pronounced in the open court on 30th October, 2024.

Sd/-
(एस बाला कृष्णन)
(S.BALAKRISHNAN)
लेखासदस्य/ACCOUNTANT MEMBER

Sd/-
(दुव्वूरु आर.एल रेड्डी)
(DUVVURU RL REDDY)
न्यायिकसदस्य/JUDICIAL MEMBER

Dated :30/10/2024

OKK - SPS

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

1. निर्धारिती/ The Assessee – Ramireddy Infra Projects Private Limited, 45-40-31/1/11, Flat No.302, Sri Rama Residency, Akkayyapalem, Main Road, Akkayyapalem, Visakhapatnam-530016, Andhra Pradesh.
2. राजस्व/The Revenue – Income Tax Officer, Ward-2(1), Infinity Towers, Sankaramatham Road, Visakhapatnam, Andhra Pradesh-530016.
3. The Principal Commissioner of Income Tax,
4. आयकर आयुक्त (अपील)/ The Commissioner of Income Tax (Appeals),
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, विशाखापटणम/ DR, ITAT, Visakhapatnam
6. गार्ड फ़ाईल / Guard file

आदेशानुसार / BY ORDER

Sr. Private Secretary
ITAT, Visakhapatnam