

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

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं श्री एस.आर.रघुनाथा, लेखा सदस्य के समक्ष  
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND**  
**SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.:523/Chny/2025  
निर्धारण वर्ष / Assessment Year: 2016-17

<b>Grace Jayanthi Rani,</b> Represented by J C D Prabhakar, No.1, 4 <sup>th</sup> Avenue, Harrington Road, Chetpet, Chennai – 600 031.	vs.	<b>The Income Tax Officer,</b> Corporate Circle 1(1), Chennai.
<b>[PAN:AEPPC-1579-R]</b> (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. S. P. Chidambaram, Advocate  
प्रत्यर्थी की ओर से/Respondent by : Shri. Kumar Chandan, J.C.I.T.

सुनवाई की तारीख/Date of Hearing : 18.06.2025  
घोषणा की तारीख/Date of Pronouncement : 09.07.2025

**आदेश / ORDER**

**PER S. R. RAGHUNATHA, AM :**

This appeal is filed by the Assessee against the order of the Learned Commissioner of Income Tax, NFAC, Delhi, [Id.CIT(A)] dated 14.10.2024 for AY 2016-17.

2. At the outset, we find that there is a delay of 55 days in appeal filed by the assessee, for which the assessee has filed affidavit stating the reasons for delay, wherein, it is submitted that during the proceedings before the CIT(A), the assessee passed away on 24.09.2023 and as such the order dated 14.10.2024 passed by the CIT(A) was inadvertently overlooked due to unavoidable circumstances and necessary action could not be taken on time. Only upon receiving a telecon from the

jurisdictional Assessing Officer in the first week of February, 2025, he became aware about the order passed by CIT(A). Immediately, he approached the legal counsel for taking further course of action and based on discussions, the appeal was decided to be filed. Accordingly, he filed the appeal against the order before this Tribunal. Hence, there was a delay in filing the appeal by the assessee. After considering the Affidavit filed by the assessee and also hearing both the parties, we find that there is a reasonable cause for the assessee in not filing appeal on or before the due date prescribed under the law and thus, in the interests of justice, we condone delay in filing of appeal and admit the appeal filed by the assessee for adjudication.

3. The assessee has raised the following grounds of appeal:-

*The Appellant objects to the order dated 14.10.2024 issued under Section 250 read with section 251 of the Income Tax Act, 1961 ('Act') by the Commissioner of Income Tax (Appeal) on the following grounds:*

- 1. The impugned order is contrary to law, facts and circumstances of the case.*
- 2. The CIT(A) ought to have considered that the reopening of the Assessment is without jurisdiction and as such unsustainable in law.*
- 3. The CIT(A) ought to have appreciated that the reopening is barred by limitation.*
- 4. The CIT(A) ought to have appreciated that there is no change of opinion and as such reassess is unsustainable in law.*

*Without prejudice to the above technical grounds, the Appellant raises the following grounds on merits*

- 5. The CIT(A) erred in confirming the addition of Rs.8,01,88,500/- made by AO under section 69A r.w.s 115BBE of the Act.*
- 6. The CIT(A) failed to consider that despite the Appellant has furnished the details with respect to additions made, the AO erred in making the addition.*
- 7. The CIT(A) ought to have appreciated that the M/s. Golden Star Promoters Pvt Ltd. ("the Company") has made payment to M/s. Futura*

*Polyesters Limited and no payment has been made from the account of the Appellant.*

*8. The CIT(A) failed to consider that the investment made in the immovable property has been duly accounted in the books of the M/s. Golden Star Promoters Pvt Ltd during FY 2018-19 and as such additions made in the hands of the Appellant is invalid.*

*9. The CIT(A) failed to appreciate resolution dated 01.09.2013 is passed by the Company authorizing the Appellant to transact on behalf of the Company.*

*10. The CIT(A) failed to appreciate that the ownership of immovable property belongs to the M/s. Golden Star Promoters Pvt Ltd and it merely registered in the name of the Appellant for the sake of convenience.*

*11. Without further prejudice, the Appellant prays that directions be given to grant all such relief arising from the grounds of appeal mentioned supra as also all consequential relief thereto.*

*12. The Appellant craves leave to add, alter, amend, substitute, rescind, modify and/or withdraw in any manner whatsoever all or any of the foregoing grounds of appeal at or before the hearing of the appeal.*

4. The brief facts of the case are that the assessee is a Director of M/s. Golden Star Promoters Private Limited (M/s.GSPL). This Company is into real estate business. During the A.Y.2016-17, the assessee filed her return of income on 25.03.2017 by declaring a total income of Rs.7,22,740/-. Based on verification of registered sale deed dated 05.11.2015 for purchase of property for Rs.8,01,88,500/-, the AO issued a notice u/s.148 of the Act to the assessee and in response the assessee filed the return on 31.07.2021 declaring the same income. On receipt of statutory notices from the AO for reassessment, the assessee submitted that the Company M/s.GSPL had entered into a Memorandum of Understanding with 'Futura Polyesters Ltd' for purchase of land and advanced monies over a period of time from May 2013 to Sept 2013. Later, under instructions and based on the specific Board resolution passed by M/s.GSPL, the assessee bought a portion of the land in her name on behalf of the Company. The AO held that since the property is registered in

the individual Assessee's name instead of M/s.GSPL, the assessee is required to explain the source of investment and since according to the AO the Assessee has not explained the source and made addition of entire purchase consideration to the tune of Rs.8,01,88,500/- u/s.69 of the Act by passing an order u/s.143(3) r.w.s. 147 r.w.s.144B of the Act dated 28.09.2021.

5. On appeal filed by the assessee against the order of the AO, the Id.CIT(A), NFAC, Delhi, held that the property was shown under the head current investments in the books of M/s.GSPL but according to him though it is used for business purpose of the said company, but the title to the property is still with the assessee and therefore the assessee can only be considered as owner of the property until it is transferred by her in favour of M/s.GSPL. The Id.CIT(A) also observed that the assessee did not have source to purchase the property. Further, the Id.CIT(A) also observed that the Company has not shown the purchase of property as loan to assessee nor has it paid remuneration to assessee to enable her to purchase the property, as it would have resulted in taxation in the hands of the M/s.GSPL u/s.2(22)(e) or remuneration would be taxed in the hands of the assessee. The Id.CIT(A) also concluded that resolution passed by the company M/s.GSPL cannot override the provisions of the Act and therefore the source of the transaction in the hands of the assessee remains as unexplained investment u/s.69 of the Act and confirmed the addition by passing an order dated 14.10.2024. Aggrieved by the order of the Id.CIT(A), the assessee is in appeal before us.

6. Before us the Learned Authorised Representative of the Assessee (Id.AR) contended that the transaction of purchase of the property took place in A.Y.2015-16 as the Sale deed was dated 11.12.2014 and the company M/s.GSPL has also

recorded the same in its books as investment in A.Y.2015-16. Therefore, it was vehemently contended by Ld.AR that the entire assessment in A.Y.2016-17 is void in law. Further, the Ld.AR pointed out that it is an undisputed fact that company M/s.GSPL passed a Board resolution authorising the assessee to purchase the property in her name and it is recorded in its books of accounts as investment. In this regard, the Ld.AR has furnished various documents to substantiate the fact that the property was bought and held by the assessee only in a fiduciary capacity and the source of investment is based on the payments made by M/s.GSPL to Futura Polyesters Ltd. Therefore, it is the contention of the Ld.AR that addition u/s.69 of the Act cannot be made when the source of the investment is overwhelmingly proved. Further, the Id.AR submitted a paper book of 269 pages containing the details of statutory notices and responses filed before the AO as well as the Id.CIT(A), Return of income filed, Board Resolution of the company, Bank statements of the Company to show that the payments towards consideration for purchase of impugned property made by the Company to the vendor, Audited financials of the Company M/s.GSPL for the financial year ending 31.03.2015, 31.03.2016, MOU between the Company M/s.GSPL and vendor M/s.Futura Polyester Ltd, Sale deed in favour of the assessee, Sale deed made by the assessee in favour the buyer subsequently on 19.09.2018, etc.

7. Further, the Id.AR submitted that the assessee had purchased the impugned property on behalf of the company and held it as a custodian and sold as per the instructions of the company during the assessment year 2019-20 and handed over the sale consideration to the Company M/s.GSPL. In support of these transactions the Id.AR submitted all the related documents and stated that both the AO as well as the Id.CIT(A) misunderstood the transactions and brought to tax in the hands of the

assessee even though entire source had been explained. Hence, prayed for deleting the impugned additions by allowing the appeal of the assessee.

8. The Ld.DR on the contrary submitted that though the Sale deed is dated 11.12.2014 it was actually registered on 05.11.2015 only in A.Y.2016-17 and therefore the transaction has been rightly dealt with in AY 2016-17. Further, the Ld.DR submitted that since the title of the property was in the name of the assessee it is her duty to explain the source and since the source as explained by the assessee is not acceptable, the addition was rightly made u/s.69 of the Act and confirmed by the Id.CIT(A).

9. We have considered the rival submissions perused the material available on record and gone through the orders of the lower authorities. There are two main issues to be adjudicated viz., First, the year of the transaction and second, the source of investment by the Assessee for investment in the impugned asset. As far as the first issue is concerned, we have perused various documents filed by the assessee and undisputedly, the Sale deed was executed on 11.12.2014 and presented for registration but the sub-registrar did not release the document as according to him the stamp duty value declared in the sale deed is much lesser than the guideline value and as he impounded the document and kept the registration pending. We find that the assessee challenged action of the sub-registrar with the land revenue authorities and filed a writ petition before the Hon'ble Madras High Court in WP.No.18521 of 2016. The Hon'ble Madras High Court has passed an order directing the assessee to pay certain amount of additional stamp duty and registration fees and then have the property document released. Pursuant to the Hon'ble High Court order, the document was released by the Sub-Registrar vide

noting dated 14.07.2016. All these facts are evident from the noting's in the Sale deed at page No.200 of the Paper book. We have also perused the financials of the company M/s.GSPL for A.Y.2015-16 at page 119 of Paper Book, wherein the investment has been recorded under the head "other non-current assets". Further the entire purchase consideration has also been paid in A.Y.2015-16 itself as seen at page 103 of Paper book. Therefore, we find that the purchase of the property has actually taken place in A.Y.2015-16 and the registration of the document was also completed on 11.12.20214, however the release of document by the sub-registrar due to dispute in stamp duty has been done belatedly in on 14.07.2016. In our view, date of release of document for registration cannot be a deciding factor for year of assessment. In fact in the revenue records, the date of transfer would be mentioned as the date of Sale deed because that is when the sale took place and it was also presented for registration, but registration was kept pending for ancillary reason, which cannot mean that the transfer has not taken place earlier on the date mentioned in the sale deed. Further, we note that the vendor has handed over the entire vacant possession of the property along with title deeds to the purchaser on 11.12.2014 itself (page 217 of paper book). In view of the elaborate discussions above, we find that the property was actually purchased by the assessee in the A.Y.2015-16 and hence the entire reassessment proceedings in A.Y.2016-17 is void in law.

10. As far as the second issue i.e. source of investment is concerned the Ld.AR reiterated the submissions made before the lower authorities and has furnished a paper book containing various documents, which was also filed before the lower authorities, substantiating the fact that the property was purchased by the Assessee for and on behalf of the company M/s.GSPL and it was M/s.GSPL who had made the

entire consideration and thus the source of investment stands sufficiently explained. We feel on perusal and examination of the various documents in the paper book would be necessary to ascertain and convince ourself whether the assessee had the source for making the investment.

11. In this regard, we refer to the Memorandum of Understanding dated 19.12.2012 (refer Pg No. 187 of Paper Book) entered between the Company M/s.GSPL and 'Futura Polyesters Limited' for acquisition of industrial land about 219 Acres in Manali along with building, plant and machinery for a total consideration of Rs.355 crores. Further at page No.103 of the paper book, the details of payments made by the company M/s.GSPL to Futura is furnished and the related Bank statement evidencing the bank transfers are also at page Nos.54 to 73 Indian Bank Statement and page No.75 to 84 Punjab National Bank Statements. Accordingly, we find that the company M/s.GSPL started advancing funds to Futura Polyesters Limited since F.Y.2013-14 and continued to invest in F.Y.2014-15. The Ld.AR had submitted that as an interim measure, the Parties (i.e. GSPL and Futura Polyesters Ltd) agreed to register a portion of the property. In this regard, a Board resolution was passed on 01.09.2013 (refer Pg No.52 of Paper Book) authorizing the Assessee to purchase the property in her name but for and on behalf the Company. The relevant extract of the board resolution is as under:

***“RESOLVED FURTHER THAT Mrs.Grace Jayanthirani Prabakaran, Director [02574352] be and hereby authorized to register the above said land in her individual name on behalf of the company in the event of any unforeseen contingencies / exigencies warranting registering in her individual name.***

***“FURTHER RESOLVED THAT the same shall be treated as investment of the company and in the event of subsequent transfer, the profit or loss of the transaction shall be treated as profit or loss of the company”***

12. From the aforesaid Board resolution, it is explicitly clear that the assessee is

authorized to buy the property in her name but for and on behalf of the company and it will be treated as investment of the company. Perusal of the reasons for reopening also acknowledges these facts, more particularly the specific reasons at page 30 of the paper book are:

*“2. On perusal of the information, it is seen that the assessee is a director of the M/s. Golden Star Promoters Private Ltd. It is stated that she had purchased the above property on behalf of the company. Further, it is mentioned that the afore mentioned company has admitted a sum of Rs.8,95,04,005/- under head current investments in the financials of the assessee company for the Asst. Year 2016-17. However, it is to be noted that nowhere mentioned in the sale deed that M/s Golden Star Promoters Private Limited as the purchaser and the property has been registered in the name of Smt. Grace Jayanthi Rani in the capacity of an individual and she has not proved the source for the purchase. Neither Smt. Grace Jayanthi Rao, the M/s. Golden Star Promoters Private Limited has furnished the source for the above purchase.”*

13. This apart even in the SCN dated 22.09.2021 at Pg No.32 of Paper Book issued by the AO, the above reproduced reasons were reiterated and ultimately the assessee was called upon to explain the source for purchase of the property. The assessee in her response to SCN dated 25.09.2021 at Pg No. 44 of Paper Book seem to have categorically reconfirmed that the source of the investment was that of GSPL. Therefore, the entire conspectus of the transaction is not disputed by the revenue, but the only quarrel is limited to the source of such investment.

14. The Ld.AR also contended and invited our attention to the fact that parallel proceedings of reopening u/s.148 of the Act dated 11.03.2020 (page 175 of paper book) was initiated in the hands of company M/s.GSPL and a SCN dated 28.09.2021 (page 177 of paper book) issued as under:

**“During the F.Y.2015-16 you have purchased a property** for a sale consideration of Rs.8,01,88,500/- though Smt. Grace Jayanthi Rao. From the Financial statement of A.Y.2016-17 it is further ascertained that a sum of Rs.8,95,04,006/- has been shown under head current investment. However, *it is to be noted that nowhere mentioned in the sale deed that M/s Golden Star Promoter Pvt. Ltd. had made purchased whereas the property has been registered and purchased by Smt. Grace Jayanthi Rani in the capacity of*

*individual. It is seen that **during the F.Ys. 2012-13, 2013-14 and 2014-15 you have made payments to M/s Futura Polyester Ltd. On various dates amounting to Rs.20.32 crores out of which the cost of the property was adjusted.** Please, show-cause why the same cannot be treated as deemed dividend within the meaning of S.2(22)(e).” (emphasis supplied)*

15. From the SCN issued to the Company M/s.GSPL, the revenue admits that the property was purchased by the Company M/s.GSPL and the cost of the property has been adjusted out of the advances made by M/s.GSPL to Futura. Therefore, we find that there is a clear admission by the revenue that the source of investment for the property in the name of the assessee was the advance payments made by M/s.GSPL. Accordingly, when the revenue has acknowledged the source of investment, addition u/s.69 of the Act cannot be made in the hands of the Mrs.Grace Jayanthi Rani, the assessee before us. The Ld.AR also placed on record the response dated 11.10.2021 at page 179 of paper book furnished by M/s.GSPL wherein all the aforesaid facts are admitted and in fact M/s.GSPL has defended stating that section 2(22)(e) of the Act cannot be invoked as the property was held by the individual for and on behalf of M/s.GSPL and it was treated as investment in its books of account. Based on the response of M/s.GSPL, the revenue seem to have dropped the reopening against GSPL as there is no reassessment order which is passed till date. The Ld.AR in his contention argued that the Id.CIT(A) has mentioned in his order that M/s.GSPL did not show this transaction as a loan to assessee perhaps to avoid invocation of Section 8 r.w.s. 2(22)(e) but the Id.CIT(A) failed to appreciate that reopening u/s.148 of the Act was initiated against M/s.GSPL for enforcing Section 2(22)(e) but it was later dropped as the revenue was convinced that the property is effectively held and utilised by M/s.GSPL and therefore it cannot be considered as a loan to the assessee, Director of M/s.GSPL. The other finding of the Id.CIT(A) is that GSPL could have paid remuneration to the Assessee and she

could have bought the property in her name and in which case the remuneration would have been taxable in the hands of the Assessee. We perused the order of the Id.CIT(A) and find that the Id.CIT(A) has made an observation that the property is used for business purpose, that being the case we are of the view why should M/s.GSPL pay remuneration to the assessee and allow her to buy the property for her own benefit/use. Further, the property was held as investment of M/s.GSPL which has been found as a fact by the revenue and therefore the Id.CIT(A) assumption that if purchase consideration is paid as remuneration to the assessee it would have been taxable. Apart from the above, the Id.CIT(A) has not stated why such a huge remuneration should be paid to the assessee.

16. Lastly, we find that the Id.CIT(A) also gives a specific and clear finding that the source of investment by the assessee is with the funds of the Company M/s.GSPL. The relevant excerpt from Id.CIT(A) order at page 7 of the order is as under:

**“Smt. Grace Jayanthi Rani acquired property in her name with the sources of company’s funds** without the company showing it as either loans given to the director or remuneration paid to the director.”

17. We find that the Id.CIT(A) having made the above finding, his conclusion is completely contrary to the same and not justified. Accordingly, we hold that the transfer did not take place in the impugned A.Y. and as there is no escapement of income in subject A.Y.2016-17. Consequently, the reassessment is invalid. Even on merits, the clear finding of the Id.CIT(A) that the assessee’s source of investment is funds of the company M/s.GSPL and also on the basis of the SCN issued to M/s.GSPL wherein the revenue has held that M/s.GSPL has bought the property out of the funds of the company, we hold that the revenue having admitted that the source of investment is that of the company, ought not to have held that the

assessee has not explained the source of investment. Hence, we are of the view that the AO and that of the Id.CIT(A) have erred in making the addition of entire sale consideration of Rs.8,01,88,500/- u/s.69 of the Act and hence we direct the AO to delete the same by allowing the grounds of appeal filed by the assessee.

18. In the result the appeal of the assessee is allowed.

Order pronounced in the court on 09<sup>th</sup> July, 2025 at Chennai.

**Sd/-**  
(जॉर्ज जॉर्ज के)  
**(GEORGE GEORGE K)**  
उपाध्यक्ष /VICE PRESIDENT

**Sd/-**  
(एस. आर. रघुनाथा)  
**(S. R. RAGHUNATHA)**  
लेखा सदस्य/ACCOUNTANT MEMBER

चेन्नई/Chennai,

दिनांक/Dated, the 09<sup>th</sup> July, 2025

**SP**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF