

**आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ 'C' अहमदाबाद।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**"C" BENCH, AHMEDABAD**

**BEFORE SHRI T.R. SENTHIL KUMAR, JUDICIAL MEMBER**  
**AND SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

**ITA No.835/Ahd/2024**

**Assessment Year: 2018-19**

Vyapti Enterprise, Survey No. 233, TP Scheme, FP No. 36, Charodi Daskroi, Ahmedabad-382170	Vs	Income Tax Officer (National E-Assessment Centre, Delhi), (Jurisdiction Officer the Income Tax Officer, Ward-3(2)(1), Ahmedabad)
[PAN No.: <b>AAMFV8281A</b> ]		
<b>अपीलार्थी/ (Appellant)</b>		<b>प्रत्यर्थी/ (Respondent)</b>

Appellant by :	Shri Dhiren Shah, AR & Ms. Nupur Shah, AR
Respondent by :	Shri Rignesh Das, Sr. DR

सुनवाई की तारीख/ <b>Date of Hearing:</b>	04.04.2025
घोषणा की तारीख / <b>Date of Pronouncement:</b>	03.07.2025

**आदेश/O R D E R**

**PER T.R. SENTHIL KUMAR, JUDICIAL MEMBER:**

This appeal is filed by the assessee against the appellate order dated 29.02.2024 passed by Ld. Commissioner of Income Tax (Appeals) (hereinafter referred to as "Ld. CIT(A)"), National Faceless Appeal Centre (in short "NFAC"), Delhi arising out of the assessment order passed under Section 143(3) of the Income Tax Act, 1961 (hereinafter referred to as "the Act") relating to the Assessment Year 2018-19.

2. The brief facts of the case are that the assessee is a partnership firm engaged in the business of real estate developments. For the A.Y. 2018-19 the assessee filed its Return of Income on 19.08.2018 declaring NIL income. The assessee firm was developing and constructing housing project known as "Vandemataram Fabula" having total 221 units namely 200

residential units and 21 commercial units on its own land at Charodi by way of sale deed executed on 06.11.2015. The assessee on the direct and indirect expenses in connection with the developing and the construction of the housing project have been debited under the head construction work-in-progress and shown in the Balance Sheet as on 31.03.2018. The revenue earned from the said scheme was recognized when significant risk and reward in immovable property transfer to the respective purchaser as per Accounting Standard-9 (in short "AS-9") read with guidance note on accounting for real estate transaction (Revised 2012). Since no conveyance deed was executed during the A.Y. 2018-19 and possession of housing and commercial units were not given to the purchasers and no revenue has been recognized from the said project. Revenue is recognized by the assessee from the A.Y. 2019-20 onwards on the basis of conveyance deed executed in the name of the purchasers and offered to tax. The assessee firm is following this method consistently from the first year of the project till the last year of completion of the project. The above contention was not accepted by the Assessing Officer and held that percentage completion method is to be adopted in the assessee's case since out of the total sale consideration of total units sold of Rs. 29,11,23,000/-, Rs. 22,71,16,656/- have been received as advance from the customers which works out to 78% and estimated cost of the project including the land cost of Rs. 59.35 crores, out of which total cost incurred including the land cost is Rs. 42.89 crores. The percentage of proportion of cost incurred on land and construction cost estimated cost is 72%.

Thereby the Assessing Officer assessed 3,56,16,215/- as the assessed income.

3. Aggrieved against the assessment order the assessee filed an appeal before Ld. CIT(A), who has confirmed the addition made by the Assessing Officer by observing as follows:

*"4.4.1 On the other hand, AO after a detailed discussion of the facts of the case of the appellant and on analysis of Accounting Standard 9 and further Accounting Standard 7 and the Guiding notes of the ICAI issued in June 2006 as revised in February 2012 and thereby quoting the same in the assessment order found that the appellant out of the total sale consideration of total unit sold of Rs. 29,11,23,000/-, had received Rs. 22,71,16,656/- as advance from the customers and the said amount received worked out to 78% of the amount of sale proceeds of the units sold. The AO also contended that estimated cost of the project including the land cost was Rs. 59,35,00,000/- out of which total cost incurred including the land cost by the appellant was Rs. 42,89,00,000/-and therefore the proportionate of cost incurred on land cost and construction cost to total estimate cost was 72%. The AO had described the nature of business of purchase and sales in Real Estate transactions in detailed stating the nature of agreements made by and between the builder and developer and the customers stating in page nos. 9 and 10 of the assessment order as below:*

*"In case of real estate sales, the events, such as, transfer of legal title to the buyer or giving possession of real estate to the buyer under an agreement for sale, usually, provide an evidence to the effect that all significant risks and rewards of ownership have been transferred to the buyer. **It may, however, be noted that in case of real estate sales, the seller usually enters into an agreement for sale with the buyer at initial stages of construction. This agreement for sale is also considered to have the effect of transferring all significant risks and rewards of ownership to the buyer provided the agreement is legally enforceable and subject to the satisfaction of all the following conditions which signify transferring of significant risks and rewards even though the legal title is not transferred or the possession of the real estate is not given to the buyer**"*

*4.4.2 I find that while considering the amount of Rs. 3,56,16,215/- as the income from the project constructed by the appellant for this year the AO had considered all the aspect including the nature of the business of the appellant, facts and figures relating to the agreements value and amount received for such agreements by the appellant from the customers, applicability of Accounting Standard 9 and Guiding notes of ICAI as to how the revenue in the case of construction business is to be recognized. I therefore find that there was no infirmity in the assessment order in the case of the appellant when the AO had computed income from the project constructed by the appellant*

for this year at Rs. 3,56,16,215/-. The AO had also given due opportunity by sending the computation determining such income and also a Draft Assessment Order to the appellant during Assessment proceedings asking as to why the total income should not be assessed as above in the case of the appellant for this year, but the reply was a mere reiteration of his earlier submission made before AO. I agree fully with the observation and findings of the AO as made in the assessment order for taxing the amount of Rs. 3,56,16,215/- as appellant's income for this year under consideration. No interference in AO's order is called for. The addition made of Rs. 3,56,16,215/- by the AO is therefore confirmed. All the grounds raised by the appellant in this regard accordingly are hereby **dismissed**."

4. Aggrieved against the appellate order the assessee is in appeal before us raising the following grounds of appeal:

"1. The Ld. CIT(A) has grossly erred in law and on facts in partly allowing the appeal. He ought to have allowed the appeal fully in accordance with the grounds of appeal raised by the appellant before him.

**I. Not Granting the opportunity of personal hearing through personal hearing via video conferencing**

1. The Ld. CIT (A) has erred in law and on facts in not granting the opportunity of personal hearing via video conferencing even though repeated requests have been made by the appellant and not to pass any adverse order without granting an opportunity and hearing to the appellant. Hence the Impugned Order passed by the Ld. CIT (A) is ex-facie bad, arbitrary, unreasonable, illegal, unauthorized as without jurisdiction, in violation of principles of natural justice, and is required to be quashed and set aside.

2. The Ld. CIT (A) has erred in law and on facts in not appreciating the fact that one of the most essential cornerstones of any legal system is the adherence to the principle of 'Audi Alteram Partem' which means no one should be condemned unheard which is a fundamental doctrine. That the principle mandates that all parties affected by a decision/ order must be given a fair opportunity to present their case and respond to allegations made against them. Denial of this fundamental right not only violates the sanctity of due process but also undermines the integrity of the adjudicatory process.

3. The Ld. CIT(A) has erred in law and on facts in not appreciating the fact that the provisions enshrined under Section 250 (1) of the Income Tax Act, which unequivocally mandates that upon the filing of an appeal "The Commissioner will be scheduling a day as well as fixing a venue to hear the appeal and notify the appellant and Assessing Officer against whom the appeal was favoured". This statutory provision is not merely directory but imperative in nature, signifying the legislature's intent to ensure that appellants are accorded a fair and impartial opportunity to present their case and have their responses/concerns addressed through due process. However the Lt. CIT(A) disregard for this statutory mandate has resulted in

*flagrant violation of the appellant's statutory entitlement and constitutional rights.*

**II. Addition on account of income estimated by percentage completion method Rs. 3.56.16.215/-**

1. *The Ld. CIT (A) has erred in law and on facts in confirming the addition of Rs. 3,56,16,215/- on account of income estimated by percentage completion method merely on surmises and conjectures.*

2. *The Id. CIT(A) has erred in law and on facts in not appreciating that the appellant firm recognize the revenue in the books of account when significant risk and rewards in immovable property is transferred to buyer and significant risk and rewards in immovable property transferred to buyer on execution of conveyance deed and handing over the possession of immovable properties to purchaser as per the Accounting Standard 9 Revenue Recognition along with Guidance Note on Accounting for Real Estate Transaction 2012 (Revised) issued by The Institute of Chartered Accountants of India. Further the appellant firm recognizes the revenue as per the method and manner prescribed in Accounting Standard 9 issued by the ICAI and based on Guidance Note issued on recognition of revenue by real estate developers issued by the ICAI. The appellant firm is engaged in the business Real Estate Developers, the Revenue from the real estate project under development / sale of developed property is recognized upon transfer of all significant risk and rewards of ownership of such real estate / property, which generally coincides with the confirming of sales contracts / agreements. Revenue from real estate projects is recognized when it is reasonably certain that the ultimate collection will be made and that there is buyers commitment to make complete payment.*

3. *The Ld. AO has erred in law and on facts in failing to appreciate the fact that appellant firm is following the accrual system of accounting which is employed since the incorporation of the firm. The appellant firm being engaged in the business of undertaking the projects of developing of real estate and to sale the same, the title, ownership, risk and rewards of units etc. are being transferred at the time of sale of real estate property and therefore, revenue is to be recognized at that time only and same being as per the Accounting Principles generally accepted in India and also in conformity with AS-9.*

4. *The Ld. CIT(A) has erred in law and on facts in not considering the fact that for making the addition in the case of the appellant firm, the Ld. AO adopted Mandatory Application of the Percentage of Completion Method (POC as per AS 7). The appellant firm humbly submits that Accounting Standard 7 - Construction Contracts issued by The Institute of Chartered Accountants of India is applicable for construction contractors and not applicable to the appellant firm. The appellant firm is a developer and engaged in the business of Real Estate Development of Housing and Commercial Project. The appellant is developing and constructing housing and commercial project namely VANDEMATRAM FABULA on its own land and the appellant is not a construction contractor providing construction service. Therefore, Accounting Standard - 7 and method prescribed therein i.e. Percentage Completion Method (PCM) is not applicable to the appellant firm.*

5. The Ld. CIT(A) as well as the Ld. AO failed to properly consider written submissions made before them by the appellant as well as various judicial pronouncements relied upon by the appellant company.

*The appellant reserves its right to add, amend, alter or modify any of the grounds stated hereinabove either before or at the time of hearing."*

5. Ld. Counsel appearing for the assessee submitted before us statement of year-wise sale of units as per registered sale deeds and possession given to the purchasers and recognition of sales Revenue in the Profit and Loss Account and status of completed assessment proceedings by the Revenue from the A.Y. 2016-17 to 2021-22 are as follows:

Assessment Year	No. of Units sold	Sales Revenue recognised in P&L A/C (in Rs.)	Assessment Order	Remarks
2016-17			143(3)	A.O. has accepted the method of accounting of revenue recognition as per sale deed executed and possession given to the buyer as per AS-9 read with Guidance note on Accounting for Real Estate Transactions (Revised) 2012.
2017-18			143(3)	A.O. has accepted the method of accounting of revenue recognition as per sale deed executed and possession given to the buyer as per AS-9 read with Guidance note on Accounting for Real Estate Transactions (Revised) 2012.
2018-19			143(3) rws 144B [Faceless Assessment]	A.O. applied percentage completion method as specified under Accounting Standard - 7 (Issue pending before the Hon'ble ITAT)
2019-20	121	37,63,23,000	Intimation u/s 143(1)	No adverse inference has been drawn regarding method of accounting of revenue recognition as per sale deed executed and possession given to the buyer as per AS-9 read with Guidance note on Accounting for Real Estate Transactions (Revised) 2012. The Appellant is attaching the following documents for ready reference : (1) Intimation u/s 143(1) as per <b>Annexure-II</b>



2020-21	82	27,93,36,000	Intimation u/s 143(1)	No adverse inference has been drawn regarding method of accounting of revenue recognition as per sale deed executed and possession given to the buyer as per AS-9 read with Guidance note on Accounting for Real Estate Transactions (Revised) 2012. The Appellant is attaching the following documents for ready reference : (1) Intimation u/s 143(1) as per <b>Annexure -III</b>
2021-22	22	8,31,20,000	Intimation u/s 143(1)	No adverse inference has been drawn regarding method of accounting of revenue recognition as per sale deed executed and possession given to the buyer as per AS-9 read with Guidance note on Accounting for Real Estate Transactions (Revised) 2012. The Appellant is attaching the following documents for ready reference : (1) Intimation u/s 143(1) as per <b>Annexure-IV.</b>
2022-23	1	20,00,000	Intimation u/s 143(1)	No adverse inference has been drawn regarding method of accounting of revenue recognition as per sale deed executed and possession given to the buyer as per AS-9 read with Guidance note on Accounting for Real Estate Transactions (Revised) 2012. The Appellant is attaching the following documents for ready reference : (1) Intimation u/s 143(1) as per <b>Annexure-V</b>
2023-24	1	15,00,000	Intimation u/s 143(1)	No adverse inference has been drawn regarding method of accounting of revenue recognition as per Accounting for Real Estate Transactions (Revised) 2012. The Appellant is attaching the following documents for ready reference : (1) Intimation u/s 143(1) as per <b>Annexure -VI.</b>
2024-25	1	23,75,000	Intimation u/s 143(1)	No adverse inference has been drawn regarding method of accounting of revenue recognition as per sale deed executed and possession given to the buyer as per AS-9 read with Guidance note on Accounting for Real Estate Transactions (Revised) 2012. The Appellant is attaching the following documents for ready reference : (1) Intimation u/s 143(1) as per <b>Annexure -VII.</b>

5.1 Thus, Ld. Counsel submitted that for the first two Assessment Years, the revenue has accepted the Project Completion Method accounting adopted by the assessee and passed regular assessment orders. However, for the present A.Y. 2018-19 the Ld. Assessing Officer in the faceless assessment proceedings applied Percentage Completion Method as specified in AS-7 and demanded tax thereon. However, the assessee offered Project Completion Method and offered to tax a sum of Rs. 37,63,23,000/- relating to sale of 121 flats for the A.Y. 2019-20 and Rs. 27,93,36,000/- on sale of 82 flats relating to the A.Y. 2020-21. Similarly, for the remaining flats for the other assessment years assessee offered for tax on the sale of the respective flats. Thus, the assessee regularly follows revenue recognition method which is applicable to real estate developers, whereas the Assessing Officer adopted Percentage Completion Method which is applicable to the construction contractor not to the real estate developer and relied upon the following case laws:

(a) ITO, Ward-8(3), Ahmedabad vs. Shivalik Buildwell Pvt. Ltd. (ITA No. 1698/Ahd/2009 order dated 05.08.2011)

(b) Unity Construction vs. ITO (ITA No. 1577 & 151/Ahd/2008 order dated 28.07.2011)

(c) Commissioner of Income-tax, Central-I vs. Manish Build Well Pvt. Ltd. (2011) 16 taxmann.com 27 (Delhi)

(d) DCIT vs. Malibu Estates Pvt. Ltd. (reported in 52 SOT 54)

(e) DCIT vs. Maxworth Infrastructure Pvt. Ltd. (ITA No. 202/Del/2018 order dated 21.10.2021)



(f) DCIT vs. Aaryan Buildspace LLP (ITA NO. 1204/Ahd/2024 order dated 07.03.2025)

6. Per contra, Ld. D.R. appearing for the Revenue supported the order passed by lower authorities and requested to uphold the orders passed by the lower authorities.

7. We have given our thoughtful consideration and perused the material available on record including the paper books filed by the assessee. It is undisputed fact that the assessee firm since its inception is following the method of accounting for revenue recognition that Revenue will be recognized as and when significant risk and rewards in the Housing / Commercial Units in the scheme Vandemataram Fabula are transferred to the purchasers as per Accounting Standard-9 i.e. when conveyance deed is executed and possession of Housing / Commercial Units were given to the purchasers. This method has been accepted by the Assessing Officer while passing regular assessment order under Section 143(3) for the A.Ys. 2016-17 and 2017-18 and also intimation under Section 143(1) for the A.Ys. 2019-20 to 2024-25. Thus, the Revenue consistently accepted the project completion method submitted by the assessee for all other assessment years except the present A.Y. 2017-18 that too for the very same project Vandemataram Fabula. It is seen from record the assessee itself is developing the land and not as a contractor. Therefore, it recognized income only when possession of flat is handed over and sale deed is executed to various purchasers. Further, the assessee firm from its inception, any amount received against booking are credited to

“advances against booking” account. Similarly, all expenditure for purchase of land, seeking sanctions from the concerned authorities, developing the land in accordance with those sanctions, all types of expenses incurred on construction, i.e. capital expenditure incurred for getting pre-launch or post launch booking including were debited to work-in-progress. Thus, neither advances received on booking of flats were treated as revenue nor expenditure incurred was claimed as revenue expenditure till the sale of flats started i.e. transfer of apartments was made. In fact, the assessee had capitalized the cost of construction and reflected the cost of construction as project in progress and as such the adverse inference drawn by the Assessing Officer is patently misconceived and Accounting Standard 7 is not applicable to the facts of the present case.

7.1 The Coordinate Bench of this Tribunal in the case of Aaryan Buildspace LLP (cited supra) held as follows:

*“8. We have carefully considered the arguments of both parties and perused the material on record. The core issue in this appeal is whether the assessee, a real estate developer, was required to follow the Percentage Completion Method under Section 43CB of the Act or could recognize revenue based on AS-9 and the ICAI Guidance Note.*

*8.1. The AO’s reliance on Section 43CB of the Act is misplaced because this provision is applicable only to construction contracts and contracts for providing services, whereas the assessee is a real estate developer engaged in constructing and selling residential units on its own land. The legislative intent behind Section 43CB of the Act and its placement within the framework of the Act clarify that it governs income recognition for contractors undertaking construction projects for clients, not for developers executing real estate projects on their own account. Section 43CB of the Act was introduced through the Finance Act, 2018, with retrospective application from 01.04.2017, to regulate the computation of income from construction contracts and contracts for providing services. The section explicitly mandates that profits and gains from a “construction contract” or “contract for services” must be determined on the basis of the PCM in accordance with the Income Computation and Disclosure Standards (ICDS). The phrase “construction contract” is critical to understanding the section’s applicability, as it indicates that the provision applies only to contractors executing projects on behalf of a third party, where a contractual obligation exists. A construction contract, in accounting and legal parlance, refers to an agreement where a contractor undertakes to execute construction work for a specified price*

*under a contract with a customer. These contracts can include fixed-price contracts, cost-plus contracts, and time-and-material contracts, but they inherently require the contractor to perform work for another party. Section 43CB of the Act aligns with this understanding, as it follows the accounting principles established in AS-7 (Construction Contracts), which applies solely to contracts where a contractor undertakes obligations for a third party. **The assessee is not a contractor but a real estate developer engaged in constructing and selling units on its own land. The crucial distinction between a contractor and a developer lies in ownership of the land and the nature of contractual obligations. A contractor undertakes construction on behalf of another party under a contract and does not own the land on which construction takes place. The project belongs to the customer, and the contractor merely executes the work as per the terms of the agreement. A developer, in contrast, owns the land, undertakes the project at its own risk, and sells completed units to customers. The buyer does not engage the developer for "construction services" but purchases a completed asset from the developer. The transaction is one of sale of property, not a contractual construction assignment.***

8.2. *Since the assessee does not provide construction services to any third party under a contract, it does not fall within the ambit of Section 43CB of the Act, which is specifically designed to regulate the revenue recognition of contractors executing construction projects for clients rather than developers selling self-constructed properties.*

8.3. *The Accounting Standard (AS) applicable to a business further reinforces the distinction. AS-7 (Construction Contracts) applies only to construction contracts where revenue is recognized based on project milestones and the Percentage Completion Method (PCM). Since Section 43CB of the Act adopts the PCM as the prescribed method, it is clear that this section was meant to align with AS-7, which governs the accounting treatment for construction contracts. AS-9 (Revenue Recognition), on the other hand, applies to real estate developers and mandates that revenue should be recognized when the transfer of significant risks and rewards of ownership takes place. The assessee follows AS-9, as it recognizes revenue only when conveyance deeds are executed, and possession is handed over to buyers. The Institute of Chartered Accountants of India (ICAI) has also clarified in its Guidance Note on Accounting for Real Estate Transactions (2012, Revised) that real estate developers should follow AS-9, not AS-7. Thus, the AO's attempt to apply Section 43CB of the Act, which mirrors AS-7, is fundamentally flawed.*

8.4. *The assessee's method of revenue recognition is consistent with ICAI's AS-9 and the Guidance Note, both of which allow revenue recognition only upon sale deed execution and possession transfer.*

8.5. *The DR's contention that the assessee is a contractor is misplaced, as it fails to recognize the fundamental distinction between a contractor executing a construction project for a client and a real estate developer constructing and selling units on its own land. The assessee is not providing a service to a third party under a contractual obligation but is developing a project at its own risk and selling completed units to buyers. In contrast, a contractor undertakes construction for another party based on predetermined specifications. The DR's assertion that Section 43CB of the Act does not differentiate between a real estate developer and a contractor is incorrect. A careful reading of Section 43CB of the Act makes it evident that it applies exclusively to "construction contracts" and "contracts for providing services"—terms that inherently require the existence of a contractual obligation between the service provider (contractor) and the recipient (client). The assessee's business model does not involve entering into construction contracts but rather the sale of completed units. The fact that the agreement specifies stage-wise payments does not convert the nature of the transaction into a construction contract. Advances received from customers are not "contract revenue" but part of the consideration for the*

*ultimate sale of property. The DR's contention that the judicial precedents relied upon by the CIT(A) relate to periods before the introduction of Section 43CB of the Act and are therefore not applicable is flawed. The principle that real estate developers must recognize revenue upon the transfer of ownership and not on a percentage completion basis has been established through long-standing jurisprudence, which remains applicable even after the introduction of Section 43CB of the Act.*

*8.6. The judicial precedents relied upon by the assessee conclusively establish that revenue from real estate development is taxable only upon the transfer of title and possession. The principle of consistency must be followed. The Revenue had accepted the same method in earlier and subsequent assessment years, and there is no material change in facts warranting a deviation.*

*8.7. In view of the above, we find no infirmity in the order of the CIT(A), who rightly deleted the addition made by the AO.*

*9. Accordingly, the appeal of the Revenue is dismissed."*

## 7.2 Hon'ble Jurisdictional High Court in the case of Shivalik Buildwell Pvt. Ltd. (cited supra) held as follows:

*"Section 5 of the Income-tax Act, 1961 - Income - Accrual of [Booking amount received by builder] - Assessee was a builder and developer - He received certain amount as advance from different parties - Assessing Officer added said amount to assessee's taxable income - Tribunal set aside addition made by Assessing Officer holding that **assessee being a developer of project, profit in its case would arise only on transfer of title of property and, therefore, receipt of any advance or booking amount could not be treated as trading receipt of year under consideration** - Whether on facts, impugned order passed by Tribunal deleting addition was to be upheld - Held, yes [Para 4] [In favour of assessee]"*

## 7.3 Hon'ble Delhi High Court in the case of CIT vs. Manish Build Well Pvt. Ltd. 16 taxmann.com 27 (Delhi) held as follows:

*"III. Section 145 of the Income-tax Act, 1961 - Method of accounting - System of accounting - Assessee-company was engaged in business of development of real estate projects - Assessing Officer made certain addition to its income on ground that assessee was adopting project completion method or completed contract method, which was not proper and profits of business should be computed on basis of percentage completion method under which profits of development and construction business of assessee got assessed over a period of years, keeping pace with progress in construction/development of project - On appeal, Commissioner (Appeals) deleted addition holding that project completion method is a well-recognized and accepted method of accounting and was only method suitable for any developer who has to deliver a completed product to buyer - He also recorded finding that there was no manipulation in books of account - Aforesaid finding of Commissioner (Appeals) was approved by Tribunal with*

*observation that department had accepted assessee's method of accounting, namely, project completion method in earlier years and, therefore, there was no justification for adopting percentage completion method for one year on selective basis - Whether it could be said that project completion method followed by assessee would result in deferment of payment of taxes which are to be assessed annually under Act - Held, no - Whether, therefore, Tribunal was justified in deleting addition made by Assessing Officer - Held, yes [In favour of assessee]"*

8. Respectfully following the above judicial precedents we have no hesitation in deleting the additions made by the lower authorities and the grounds raised by the assessee are hereby allowed.

9. In the result, the appeal filed by the assessee is allowed.

**Order pronounced in the Court on 03.07.2025 at Ahmedabad.**

**Sd/-**

**(NARENDRA P. SINHA)  
ACCOUNTANT MEMBER**

Ahmedabad, dated 03/07/2025

Tanmay, Sr. P.S.

**TRUE COPY**

आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण , राजकोट/DR,ITAT, Ahmedabad,
6. गार्ड फाईल /Guard file.

**Sd/-**

**(T.R. SENTHIL KUMAR)  
JUDICIAL MEMBER**

आदेशानुसार/ BY ORDER,

सहायक पंजीकार (Asstt. Registrar)  
आयकर अपीलीय अधिकरण, ITAT, Ahmedabad