

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH “C”: NEW DELHI  
BEFORE SHRI S RIFAUR RAHMAN, ACCOUNTANT MEMBER  
AND SHRI VIMAL KUMAR, JUDICIAL MEMBER**

ITA No. 63/DEL/2023

Assessment Year: 2017-18

M/s. I.P. Constructions Private Limited, 210 First Floor, Phool Singh Market Main, Vikas Marg, New Delhi PIN 1100 92 <b>PAN No. AABCI4548K</b>	Vs.	ACIT, Circle-12(2), Delhi
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by:	Shri Vishal Chandra Gupta, CA
Department by:	Shri Om Prakash, Sr. DR
Date of Hearing:	04.06.2025
Date of pronouncement:	04.06.2025

**ORDER**

**PER VIMAL KUMAR, JUDICIAL MEMBER:**

The appeal of assessee is against order dated 10.11.2022 of learned Commissioner of Income-Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi ((hereinafter referred as “Ld.CIT(A”) ) under Section 250 of the Income-Tax Act, 1961 ((hereinafter referred as “the Act”) arising out of order dated 21.02.2020 by the Assistant Commissioner of Income Tax, Circle 12(2), Delhi ((hereinafter referred as “Ld. AO”) under Section 143(3) of the Act for assessment year 2017-18.

2. Brief facts of the case are that assessee company filed its return of income on 28.10.2017 declaring loss of Rs.58,95,680/- for assessment year 2017-18.

The case was selected for complete scrutiny under CASS. Notice under Section 143(2) of the Act dated 16.08.2018 was issued. On change of office, notice under Section 142(1) of the Act was issued on 14.09.2019. Assessee filed reply on e-filing portal on different dates. The assessee was asked to furnish details/ documents of sale, commercial area, unsecured loan, month wise revenue from hotel business and expenses etc. The assessee submitted its reply on portal. The assessee company was issued show-cause-notice dated 17.12.2019. The assessee made submission dated 20.12.2019. On completion of assessment proceedings, Ld. AO vide order dated 24.12.2019 made additions of Rs.3,92,66,722/- and Rs.14,386/- . Assessee filed application under Section 154 before the Ld. AO, which was dismissed vide order dated 21.02.2020.

3. Against order dated 21.02.2020, assessee preferred application for condonation of delay of 337 days in filing appeal and appeal before the Ld.CIT(A). Ld.CIT(A) vide order dated 10.11.2022, condoned the delay of 337 days in filing appeal and dismissed the appeal.

4. Being aggrieved, appellant/assessee preferred present appeal.

5. Learned Authorized Representative for appellant/assessee submitted that Ld.CIT(A) failed to appreciate that Ld. AO erred in passing order under Section 154 of the Act without affording adequate opportunity of hearing to assessee. The order under Section 154 of the Act was passed in a mechanical manner. Ld.

AO erred in not rectifying the mistake in calculating the percentage completion of appellant company project and making an addition of Rs.3,92,66,722/- on account of alleged suppressed revenue. Addition of Rs.14,386/- made under Section 36(1)(a) of the Act was brought by Finance Act, 2021 is prospective and applicable w.e.f. assessment year 2020-21 has been wrongly invoked for assessment year 2017-18.

6. Learned Authorized Representative for the Revenue relied on orders of Ld. Departmental Authorities.

7. From examination of record in light of aforesaid rival contentions, it is crystal clear that Ld. AO in order dated 24.12.2019 in para no. 4.3 mentioned. “Accordingly, the computation of revenue shall be as under:

<b>For Revenue</b>	<b>As on March 31,2017</b>
Approx. Total Saleable Area inSq. Ft, (as taken by the assessee)	1,87,030
Area Sold up to 31.3.2017	69,951
Estimated total revenue receivable	37,68,99,678
Estimated cost of project	78,97,15,000
Expenses incurred as on 31.3.2017	63,42,33,158
Estimated % of completion as on 31.03.2017	90.73%

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8. The estimated percentage of completion as on 31.03.2023 has been mentioned as 90.73% by the Ld. AO. However, if estimated cost of project

Rs.78,97,15,000/- is divided by expenses incurred as on 31.03.2027 i.e. Rs.63,42,33,158/- then percentage comes as 80.31%. Therefore, the arithmetical mistake in computation of percentage of completion ought to have been rectified. Ld. AO without any discussion and reasoning mechanically rejected the application under Section 154 of the Act. The order dated 21.02.2020 of Ld. AO have taint of mechanical order is illegal and set aside. Therefore, the addition of Rs.3,92,66,722/- deserves to be deleted. Accordingly, ground of appeal nos. 1 to 3 are allowed.

9. Addition of Rs.14,386/- made under Section 36(1)(a) of the Act was brought by Finance Act, 2021 is prospective and applicable w.e.f. assessment year 2020-21 has been wrongly invoked for assessment year 2017-18. Therefore, addition of Rs.14,386/- is set aside. Ground of appeal no.4 is also allowed.

10. Ground nos. 5 to 7 are academic in nature and are left open.

11. In the result, the appeal of assessee is allowed.

**Order pronounced in the open court on 4<sup>th</sup> June, 2025.**

Sd/-

**(S RIFAUH RAHMAN)  
ACCOUNTANT MEMBER**

Sd/-

**(VIMAL KUMAR)  
JUDICIAL MEMBER**

**Dated: 17/06/2025**  
***Mohan Lal***

Copy forwarded to -

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi