

**IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, AHMEDABAD
BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
SHRI SIDDHARTHA NAUTIYAL, JUDICIAL MEMBER**

ITA No. 1397/Ahd/2024
(Assessment Year: 2017-18)

Trine Infracon LLP, C/o. Divyang Shah & Co., Chartered Accountants, 201, Devashish Complex, Nr. Regenta Central Antarim Hotel, Off. CG Road, Ahmedabad-380009 [PAN :AAJFT 2084 N]	Vs.	DCIT, Circle 3(2), Ahmedabad
(Appellant)	..	(Respondent)

Appellant by :	Shri Maulik Kansara, AR
Respondent by:	Shri Abhijit, Sr. DR
Date of Hearing	18.09.2025
Date of Pronouncement	30.09.2025

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

This appeal has been filed by the Assessee against the order dated 06.06.2024 passed by the Ld. Commissioner of Income-Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi ('Ld. CIT(A)' in short), under Section 250 of the Income-tax Act, 1961 ('the Act' in short), relating to the Assessment Year 2017-18.

2. The sole ground raised by the assessee in this appeal is as under:-

“Whether, on facts and in circumstances of the case and in law, Ld.CIT(A) erred in confirming addition of Rs.81,15,791/- for difference of income based on Form 26AS?”

3. The assessee is a firm engaged in the business of civil construction. For the year under consideration, the assessee filed its return of income on 17.10.2017, declaring total income of Rs. 2,57,24,320/-. The case was

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selected for scrutiny under CASS and, during the course of assessment, the Assessing Officer observed that the gross receipts declared in the Profit & Loss Account did not match the figures reflected in Form 26AS. Since the assessee could not offer proper explanation for the difference, the Assessing Officer made an addition of Rs. 81,15,791/- under section 69A of the Act, treating the same as unexplained receipts. Assessment was completed determining total income at Rs. 3,38,40,110/-.

4. The assessee carried the matter in appeal before the Ld. CIT(A). However, the Ld. CIT(A) upheld the addition, observing that the reconciliation furnished lacked clarity and proper supporting documentation.

5. Aggrieved by the order of the Ld. CIT(A), the assessee is now in appeal before the Tribunal.

6. Before us, the Ld. AR reiterated the submissions made before the lower authorities. The Ld. AR submitted that the assessee follows the Percentage Completion Method and this method is duly disclosed in the Tax Audit Report. The Ld. AR submitted that under Percentage Completion Method, income is recognized based on the stage of project completion, not on the basis of actual receipts and the Form 26AS reflects all receipts during the year on which TDS is deducted. The Ld. AR also submitted that receipts in excess of revenue recognized are recorded as "Advance from Customers" under Other Current Liabilities in the balance sheet, and these advances are recognized as income only when the corresponding work is completed. It was also submitted that the service tax implications further contributed to the difference. It was argued that the unreconciled

difference was due to accounting and tax timing mismatches, and the same should not have been treated as unexplained income.

7. The Ld. DR, on the other hand, supported the orders of the authorities below and submitted that the assessee failed to substantiate its reconciliation. The Ld. DR also submitted that no supporting evidence for service tax treatment or the claimed rate was produced, and the addition was justified given the failure to reconcile with Form 26AS.

8. We have carefully considered the rival submissions and perused the material available on record. It is an undisputed fact that the assessee is engaged in civil construction and is following the percentage completion/project completion method. Under Percentage Completion Method, income is recognized in stages based on the percentage of work completed. In contrast, Form 26AS reflects payments received, including advances, on which tax is deducted at source. The assessee has explained that receipts in excess of revenue recognized are treated as advances and shown under Other Current Liabilities, which is a valid and appropriate accounting treatment. The Assessing Officer has not pointed out any inconsistency or defect in the assessee's accounting policy or in the financial statements. From the record, we find that the assessee has submitted a reconciliation and explained the treatment of advances, segregation of service tax, and timing differences. However, neither the Assessing Officer nor the CIT(A) have made further verifications or issued any adverse findings. Therefore, in our view, the matter requires further factual verification. In view of the above, we are of the considered opinion that the issue requires a fresh examination by the Assessing Officer. Accordingly, we set aside the matter to the file of the Assessing Officer for *de novo*

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adjudication after giving due opportunity to the assessee to explain the reconciliation and produce necessary supporting documents.

9. In the result, appeal of the assessee is allowed for statistical purposes.

The order is pronounced in the open Court on 30.09.2025.

Sd/-

(SIDDHARTHA NAUTIYAL)
JUDICIAL MEMBER

Sd/-

(DR. B.R.R. KUMAR)
VICE-PRESIDENT

Ahmedabad; Dated 30.09.2025

***btk*

आदेश की प्रतिलिपि ँ ग्रेषित/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, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

True Copy

आदेशानुसार/ BY ORDER,

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