

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'F', NEW DELHI**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
And
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No.1643/Del/2020
Assessment Years: 2011-12

M/s Paxton Infrastructure Pvt. Ltd. 405 C, (4 th Floor) Single Tower, Labour Chawk, Dipak Vihar Kohara, Noida Sector-62, Uttar Pradesh-201301	Vs	ITO, Ward-14(2), Delhi-110002
(APPELLANT)		(RESPONDENT)
PAN No.AAFCP3067Q		

Assessee by	Ms. Chinu Basin, Adv.
Revenue by	Ms. Monika Singh, CIT-DR

Date of Hearing	19.02.2026
Date of Pronouncement	25.03.2026

ORDER

PER NAVEEN CHANDRA [A. M]:

The above captioned appeal is preferred by the assessee against the order dated 03.08.2020, passed by the Learned Commissioner of Income Tax(Appeals)-38, New Delhi (hereinafter referred to as 'ld. CIT(A)'), under section 250 of the Income Tax Act, 1961 [hereinafter referred to as, "Act"] for Assessment Year 2011-12. The assessment order in this appeal is passed by the Assessing Officer [for short, AO] under section 143(3) of the Act.

2. Brief fact of the case is that the assessee company was incorporated on 14.01.2010 and was engaged in the business of real estate as promoters, developers etc. The year under consideration is the second year of the company and the assessee filed a return declaring income of Rs 8,42,478/- on 24.09.2011.

3. During the year under consideration, the Assessee received contract receipts of Rs.14.39 Cr in pursuance of a contract awarded by M/s Era Infra Engineering Ltd for the work of site clearance, excavation and removal of debris, erecting temporary staging/walkway and removal thereof in relation to the construction of Delhi International Airport.

4. The Assessee further sub-contracted the work to three different parties and incurred contract expenses of Rs. 14.21 crore as per different scope of work as follows:

S No.	Name of Party	Amount
1	AMR Constructions Ltd	10,13,29,974
2	Blue Print Securities	1,01,92,733
3	Conception Infrastructure Ltd	3,06,11,097
	Total direct project expenses	14,21,33,804
	Increase/Decrease in stock (work in progress)	8,68,400
	Toal Expenses disallowed	14,30,02,204

The Ld.AO framed the assessment u/s 143(3) holding that entire sub-contract is sham and circuitous with ultimate beneficiary being the Assessee, and disallowed the entire contract expenses of Rs. 14.30 Cr. On appeal, the CIT(A) upheld the addition.

5. Aggrieved, the Assessee has preferred the instant appeal. The ld counsel of the assessee submitted that the Assessee company was awarded a contract by M/s Era Infra Engineering Ltd in relation to the construction work of Delhi International Airport for which the assessee received a total amount of Rs. 14.39 Cr during the year. The Assessee company submitted as evidence the following to prove that the Assessee carried on the work order sub-contracted by M/s Era Infra Engineering:

- i) a copy of the work order dated 16.03.2010 issued by M/s Era Infra Engineering for sub-contract work.
- ii) Copy of the underlying work order awarded to M/s Era Infra Engineering from M/s L&T Ltd amounting to Rs. 22 Cr.
- iii) Copy of the bank book as well as the bank statement issued by the Axis Bank showing payment received from M/s Era Infra Engineering
- iv) Detail of Form 16A evidencing the tax deduction at source made by Era Infra Engineering Infra which is also appearing in Form 26AS.
- v) Confirmation of account issued by M/s Era Infra Engineering along with the copy of return of income
- vi) Party wise detail of contract receipts (Paper Book131)
- vii) Ledger account of Contract receipts from M/s Era Infra Engineering
- viii) Ledger account of M/s Era Infra Engineering Ltd (Page 133-134)

6. With respect to contract expenses paid to the three sub-contractors, the Assessee produced the following documents:

- a) Party wise detail of direct contract expenses (Paper Book page 137)
- b) Ledger account of contract expenses (Paper Book page 138)
- c) Copy of the work-order issued to M/s AMR Constructions (Paper Book page 122-124)
- d) Copy of the work-order issued to M/s Blue Prints Securities (Paper Book page 125-127)
- e) Copy of the work-order issued to M/s Conception Infrastructure Pvt Ltd (Paper Book page 128-130)
- f) Ledger account of M/s AMR Construction (Paper Book page 139)
- g) Confirmation of account from M/s AMR Construction (Paper Book page 140)
- h) Ledger account of M/s Conception Infrastructure Pvt Ltd (Paper Book page 141)
- i) Confirmation of account from M/s Conception Infrastructure Pvt Ltd (Paper Book page 142)
- j) Ledger account of M/s Blue Prints Securities (Paper Book page 143)
- k) Confirmation of account from M/s Blue Prints Securities (Paper Book page 144)
- l) Master Data from MCA for M/s AMR Constructions (Paper Book page 145-146)
- m) Copy of the audited financial statement of M/s AMR Constructions reflecting contract receipts along with the (Paper Book page 147-163)
- n) Master Data from MCA for Conception Infrastructure Pvt Ltd (Paper Book page 164- 165)
- o) Copy of the audited financial statement of Conception Infrastructure Pvt Ltd reflecting contract receipts (Paper Book page 166-175)
- p) Master Data from MCA for M/s Blue Print Securities (Paper Book page 176-177)
- q) Copy of the audited financial statement of M/s Blue Prints Securities reflecting contract receipts (Paper Book page 178-194)
- r) Copy of the bank book as well as the bank statement issued by the Axis Bank showing payment made for project expenses to the above three parties (Paper Book page 102-108)

7. The Id AR stated that during the remand proceedings initiated by the Ld.CIT(A), the AO confirmed the submission of additional evidences but raised objection to admission of these evidences without controverting the contents of the evidence/documents. The Id AR stated that when the contract in relation to Delhi International Airport

awarded by M/s L&T Ltd to M/s Era Infra Engineering stands executed by sub-contracting the same to the Assessee, how is it even possible for the Ld.AO to conclude that no contract expenses have been incurred by the Assessee while executing the said contract. Further, the contract receipts for the work done stands received by the Assessee which has been duly offered to tax in the return of income filed for the relevant year. Accordingly, the Assessee has validly claimed the contract expenses actually incurred in relation the said contract receipts.

8. Further, the Id AR submitted that out of the total contract expenses of Rs. 14Cr, the Assessee paid contract expenses of Rs. 10Cr to M/s AMR Constructions and one of the main reason behind the said disallowance was that the Ld.AO could not find the financial statement of M/s AMR Construction from the MCA website. In this regard, it is submitted that the Assessee has submitted the audited financial statement of M/s AMR Construction as additional evidence before the Ld.CIT(A) and same has not been disputed by the Ld.AO or Ld.CIT(A). The audited financial of M/s AMR Construction shows contract income of Rs. 1380 Cr which includes Rs. 10 Cr received from the Assessee. (Please refer Paper Book page 156)

9. Lastly, the Id AR submitted that all work order has been furnished with the said three parties as well. The aforesaid three contractors have given their confirmation which prove beyond any iota of doubt that the Assessee has incurred contract expenses. (Please refer paper book page 122-144). The Assessee has duly deducted tax on the payment made to the said contractors and have also made all the payment during the year squaring up the account of the contractors. Copy of the bank statement already furnished at paper page 102-108.

10. Per contra, the Id DR relied on the orders of AO/CIT(A).

11. We have heard the rival submissions and have carefully perused the materials on record. We find that the AO made the aforesaid additions in absence of documents/ evidence and basis data of these companies from MCA website. The CIT(A), in remand proceedings admitted the additional evidences but gave credence to the MCA website information and held that payment for contract not proved without elaborating the reasons.

12. We find that M/s L&T Ltd awarded contract of Rs. 22 Cr for site clearance, excavation etc for construction of Delhi International Airport to M/s Era Infra Engineering Ltd. M/s Era Infra Engineering Ltd sub-contracted the same to the assessee for 14.41 crore who in turn sub-contracted the work to the three different parties namely M/s AMR

Constructions; M/s Blue Prints Securities and M/s Conception Infrastructure Pvt Ltd. The assessee filed evidences such as work order awarded to M/s Era Infra Engineering from M/s L&T Ltd; work order by M/s Era Infra Engineering to assessee; work orders to M/s AMR Constructions; M/s Blue Prints Securities and M/s Conception Infrastructure Pvt Ltd by the assessee as well as supporting documents such as ledger account of sub-contractor; their confirmations; their audited financial statements; assessee's bank statements reflecting the payments for payment received and payments made. We also find that neither the AO nor the CIT(A) has controverted the evidences/documents furnished by the assessee nor have given any adverse view. The ld AO did not make any independent verification with the concerned three parties to discredit the assessee's claim/evidences. On the one hand, the ld AO has accepted the entire contract receipts as income but has completely denied the benefit of payments made for earning that income. In view of the above factual matrix, we are of the considered view that the assessee has successfully discharged its onus of explaining the expenses made and therefore, the addition made are unwarranted. We therefore, direct the AO to delete the aforesaid addition. The ground is allowed.

13. In the result, the appeal of the assessee in ITA No.1643/Del/2020 is allowed.

Order was pronounced in the open court on 25.03.2026.

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 25.03.2026

Sd/-
(NAVEEN CHANDRA)
ACCOUNTANT MEMBER

Shekhar

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asstt. Registrar, ITAT, New Delhi

1.	Date of dictation of Tribunal Order	19.02.2026
2.	Date on which the typed draft Tribunal Order is placed before the Dictating Member.	23.02.2026
3.	Date on which typed draft order is placed before the other member (in the case of DB)	
4.	Date on which the approved draft Tribunal Order comes to the Sr. P.S. /P.S.	
5.	Date on which the fair Order is placed before the dictating Member for sign	
6.	Date on which the fair order is placed before the other Member for sign (in case of DB)	
7.	Date on which the order comes back to PS/ Sr. PS for uploading on ITAT website.	
8.	Date of uploading, if not, reason for not uploading.	
9.	Date on which the file goes to the Bench Clerk	
10.	Date on which order goes for Xerox	
11.	Date on which order goes for endorsement	
12.	Date on which the file goes to the Superintendent/OS for checking	
13.	Date on which the file goes to the Assistant Registrar for signature on the order.	
14.	Date on which the file goes to dispatch section for dispatch the Tribunal order.	
15.	Date of dispatch of order.	
16.	Date on which file goes to Record Room after dispatch the order	