

## **Advances disclosed in returns and subsequently adjusted against sales couldn't be deemed as undisclosed income**

**Summary – The Jodhpur ITAT in a recent case of Ayushi Builders & Developers, (the Assessee) held that where assessee had disclosed advances in its return and produced relevant documents and said advances were adjusted against sales made subsequently, said advances could not be considered as undisclosed income of assessee.**

### **Facts**

- The assessee-firm was engaged in real estate business. Search was conducted at its premises and Assessing Officer made addition on account of advances received by assessee against sale of property as the assessee had shown advances given for purchases of land in the liability side of the Balance Sheet.
- In first appeal, the Commissioner (Appeals) called for the remand report of the Assessing Officer but did not accept the evidences produced under rule 46A and had confirmed this addition as well.
- On appeal :

### **Held**

- No incriminating evidence was found during search regarding these advances. These have already been shown in the original return of income. The assessee produced proof to prove these advances. The Assessing Officer has sent his remand report after verifying them. It is noticed that the assessee had received advances against sale of property which were adjusted against sale made subsequently. In any case this receipt could not partake of the character of income.
- This claim of the assessee is quite justified. The impugned addition deserves to be deleted.