

Pr. Commissioner of Income Tax (Central), Pune v. Platinum Properties

Income Tax Appeal No. 151 of 2024

Income Tax Appeal No. 151 of 2024 (Bom HC, decided 27.03.2026) | 2026-03-27

Section 263 (Explanation 2(a)) revision quashed: developer following project-completion method rightly recognized survey-admitted on-money for 'Spring-II' in AY 2015-16 upon receipt of Occupancy Certificate on 11.12.2014 rather than in AY 2014-15.

Income-tax Act, 1961: sections 133A, 142(1), 143(3), 145, 260A and 263 (Explanation 2(a))

High Court of Judicature at Bombay | 2-judge bench (Division Bench) | G. S. Kulkarni, J. | Aarti Sathe, J.

Assessment years: 2014-15

Project-completion method consistently accepted by Revenue; survey declaration matched project-wise Occupancy Certificate dates

The Division Bench noted (paragraphs 16-20, PDF pp. 11-16) that the assessee's project-completion method of accounting was not disputed by the Revenue, that Rs. 52,85,95,577 out of Rs. 60,82,34,643 of declared cash/on-money relating to completed project 'Spring-I' was duly offered in AY 2013-14, and that the Occupancy Certificate for 'Spring-II' (Rs. 7,96,39,066) was received only on 11.12.2014 (falling in AY 2015-16). Do not extrapolate this ruling to cases where the method of accounting is rejected or where project completion occurred within the relevant previous year.

01 FACTS OF THE CASE

The assessee firm, Platinum Properties (a real estate developer in Pune executing projects 'Park Street' including buildings 'Spring-I' and 'Spring-II'), consistently followed the project-completion method of accounting. During a survey under section 133A on 20.11.2014, a partner declared additional cash/on-money receipts of Rs. 60,82,34,643 across the two projects: Rs. 52,85,95,577 for 'Spring-I' (completed in FY 2012-13, duly offered to tax in AY 2013-14) and Rs. 7,96,39,066 for 'Spring-II'. For AY 2014-15, the assessee filed a return declaring Rs. 15,79,86,870 without including the Rs. 7,96,39,066 for 'Spring-II' because the Occupancy Certificate for 'Spring-II' was issued by the Pimpri Chinchwad Municipal Corporation only on 11.12.2014 (falling in AY 2015-16). In scrutiny under section 143(3), the Assessing Officer issued a section 142(1) notice dated 05.08.2016 calling for details of the survey declaration, examined the assessee's explanation and project-completion records, and completed the assessment on 30.12.2016 without adding the Rs. 7,96,39,066 in AY 2014-15. On 10.03.2019, the PCIT invoked section 263 (relying on Explanation 2(a)) to revise the order. The ITAT quashed the section 263 order on 27.09.2022.

Source: [Paragraphs 1-11; PDF pp. 1-8](#)

02 DISCUSSION BY THE HON'BLE COURT

Affirming the Tribunal's order, the Division Bench held that when a real estate developer consistently follows the project-completion method of accounting, both regular sale consideration and additional on-money/cash receipts relating to a project accrue and are recognisable as income in the year in which the project is completed and possession / Occupancy Certificate is obtained (here, 11.12.2014, relevant to AY 2015-16). The Assessing Officer had specifically queried the survey declaration via section 142(1) notice dated 05.08.2016, verified the assessee's replies and supporting documents, and consciously accepted that 'Spring-II' was not completed in AY 2014-15. Following *Malabar Industrial Co. Ltd. v. CIT*, (2000) 243 ITR 83 (SC), *CIT v. Max India Ltd.*, (2007) 295 ITR 282 (SC), *CIT v. Gabriel India Ltd.*, (1993) 203 ITR 108 (Bom), and *CIT v. Grasim Industries Ltd. (Bom)*, the Court held that Explanation 2(a) to section 263 does not empower the PCIT to substitute his opinion where the AO has made due inquiry and adopted a legally sustainable view.

Source: [Paragraphs 15-22; PDF pp. 11-17](#)

03 JUDICIAL DECISION

Holding that the order of the Assessing Officer was neither erroneous nor prejudicial to the interests of the Revenue and that no substantial question of law arose, the High Court dismissed Income Tax Appeal No. 151 of 2024 with no order as to costs.

Source: [Paragraphs 22-23; PDF pp. 16-17](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (Platinum Properties). The Revenue's appeal was dismissed and the quashing of the section 263 revision order for AY 2014-15 stood affirmed.

Source: [Paragraphs 22-23; PDF pp. 16-17](#)

05 AKHB REVIEW POINT

AKHB analysis: in real-estate survey or search assessments where project-wise advances or on-money are declared across completed and ongoing towers, reconcile each tower's receipts with its municipal Occupancy/Completion Certificate date and consistent method of accounting during regular scrutiny under section 142(1). A complete inquiry trail on the assessment record insulates the timing of recognition from revision under Explanation 2(a) to section 263.

Source: [AKHB analysis based on paragraphs 15-22 / PDF pp. 11-17](#)

SOURCE & VERIFICATION

[Bombay High Court official digital judgment PDF - AKHB Cloud Repository](#)

Seventeen-page official Bombay High Court judgment PDF (Appeal No. 151 of 2024); paragraphs 1-23 span PDF pages 1-17.

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

[Open cited source rendition](#)

Full 17-page official Bombay High Court PDF read and verified. Original bytes match SHA-256 ae892b6e1e8075a16a120eeddf141081d24abb7998100af039e410bab6811d79.

STATUTORY SCOPE

Applies section 263 (including Explanation 2(a)) and section 145 of the Income-tax Act, 1961 for AY 2014-15. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-16. Full judgment checked. Applies *Malabar Industrial Co. Ltd. v. CIT*, (2000) 243 ITR 83 (SC), *CIT v. Max India Ltd.*, (2007) 295 ITR 282 (SC), *CIT v. Gabriel India Ltd.*, (1993) 203 ITR 108 (Bom), and *CIT v. Grasim Industries Ltd.*, Income Tax Appeal No. 1946 of 2011 (Bom). Comprehensive subsequent judicial treatment has not been verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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