

Reply to Query Raised During Scrutiny Assessment for company

To,

The DCIT,

.....,

Income Tax Office,

.....

Dear Sir,

Sub: Reply to Query Raised During Scrutiny Assessment for the A.Y. 20....-.... – Reg.

With reference to the above subject, we would like to submit the following details regarding our land purchase transaction during the financial year 20....-....

During the said year, we purchased land from our parent company, M/s.
..... Private Limited. A sale agreement was executed, and the full consideration was paid, following which we took legal and physical possession of the land. However, the land was not registered at that time due to the following reasons:

1. Exemption under Stamp Act: As a subsidiary of M/s. M/s.
..... Private Limited, we were eligible for stamp duty exemption under the Stamp Act, which applies to property transfers between holding and subsidiary companies where the transferor holds at least 90% shares in the transferee company.held more than 90% shares in However, the Registrar's Office denied our exemption claim due to ongoing litigations on this matter. Consequently, we decided to wait for the final legal resolution before proceeding with the registration.

2. Financial Constraints: Both companies were experiencing severe cash flow constraints and lacked sufficient funds for the registration of the property.

3. Non-Mandatory Registration: At that time, State law did not mandate the registration of such agreements.

4. Planned Merger: Given that both companies were planning a merger, we sought to avoid unnecessary stamp duty expenses. Subsequently, the companies merged and became a single entity.

Due to the above reasons, the registration of the agreement was deferred. We request you to kindly consider these facts and take appropriate action.

Thank you for your understanding and cooperation.

Yours sincerely,

[Your Name]

[Your Designation]

[Company Name]

[Company Address]

[Contact Details]