

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'C' BENCH, BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND  
SHRI KESHAV DUBEY, JUDICIAL MEMBER**

ITA No. 933 & 934/Bang/2024
Assessment Years: 2016-17 & 2017-18

Arvind Chandrakant Bellad, 68 Bellad Towers, Gokul, Dharward.  <b>PAN – ABUPB 6065 H</b>	Vs.	The Asst. Commissioner of Income Tax, Circle – 1(1), Hubli.  .
APPELLANT		RESPONDENT

Assessee by	:	Shri Vinay K Kulkarni, C.A
Revenue by	:	Shri V Parithivel, JCIT (DR)

Date of hearing	:	16.10.2024
Date of Pronouncement	:	19.11.2024

**ORDER**

**PER WASEEM AHMED, ACCOUNTANT MEMBER:**

Both the appeals filed by the assessee are against the order passed by the NFAC, Delhi both dated 19/03/2024 in DIN Nos. ITBA/NFAC/S/250/2023-24/1062899109(1) and ITBA/NFAC/S/250/ 2023-24/1062899909(1) for the assessment years 2016-17 and 2017-18.

**ITA No. 933/Bang/2024 for the asst. year 2016-17**

2. The only issue raised by the assessee is that the Id. CIT(A) erred in confirming the order of the AO by charging tax on the compensation received against the compulsory acquisition of the commercial property.

3. The necessary facts are that the assessee in the present case is an individual and filed return of income declaring an income of Rs. 1,69,21,690/- which was processed u/s 143(1) of the Act. Subsequently, the case of the assessee was picked up under scrutiny and accordingly notice u/s 143(2) of the Act vide dated 18/09/2017 was issued. The assessee in the year under consideration has received an amount of Rs. 5,19,58,283/- on account of compulsory acquisition of commercial land held by him (the assessee) which was claimed as exempt u/s 10(37) of the Act. As per the assessee, the land was compulsory acquired under the Karnataka State Highway Act, but the compensation was calculated under the Act viz. "The right to fair compensation and transparency in land acquisition and resettlement Act 2013 (in short RFCTLARR). According to the assessee, the benefit of tax exemption u/s 10(37) r.w. CBDT Circular No. 36 of 2016 dated 25/10/2016 should be granted even the land is acquired under the State Act. As per the assessee, the compensation was granted after the enforcement of RFCTLARR Act i.e. 31/12/2013. Thus, as per the assessee, the benefit of tax exemption as specified under RFCTLARR should be granted. However, the AO found that the land was acquired under Karnataka Highway Act 2013 and not under RFCTLARR Act. Furthermore, the compensation was also not computed in pursuance to the provisions of RFCTLARR Act. Thus, the AO denied the benefit of exemption claimed by the assessee u/s 96 of RFCTLARR Act against the compensation received under the provisions of Karnataka Highway Act 2013.

4. Aggrieved, assessee preferred an appeal to the Id. CIT(A) who also confirmed the order of the AO.

5. Being aggrieved by the order of Id. CIT(A), the assessee is in appeal before us.

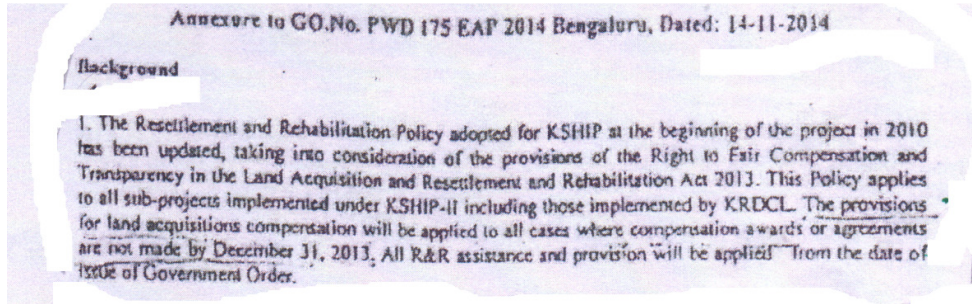
6. The Id. AR before us filed a paper book running from pages 1 to 43 and contended that as per the Annexure to GO No. PWD 175 EAP 2014 Bengaluru dated 14/11/2014, the compensation awarded after December 31, 2013, the provisions of RFCTLARR would be applied. Therefore, the assessee is entitled to the benefit of exemption from the levy of Income-tax in pursuance to the provisions of u/s 96 of RFCTLARR Act 2013. The Id. AR also relied on the judgment of Hon'ble Karnataka High Court in the case of Shri Meharwade Vishnu and Others in WP 103377/2017.

7. On the other hand, the Id. DR vehemently supported the order of the authorities below.

8. We have heard the rival contentions of both the parties and perused the materials available on record. There is no dispute about the issue on hand that the compensation was received by the assessee in the financial year 2015-16, meaning thereby, after the enactment RFCTLARR Act 2013. Accordingly, the provisions of RFCTLARR Act 2013 will be applied in the case on hand in pursuance to the Government Order No. PWD 65 EAP 2010 Bengaluru dated 28-07-2010 and 2-06-2011 which is reproduced as under:



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8.1 From the above, there remain no dispute that the compensation received by the assessee is subject to the provisions of RFCTLARR Act 2013 meaning thereby the compensation received by the assessee is exempt from tax. In holding so, we draw support and guidance from the judgment of Hon'ble Karnataka High Court cited above wherein it was held as under:

- "21. Admittedly, in the instant case, the award was passed after the 2013 Act come into force. It is therefore clear that Section 96 of the 2013 Act would have to be applied and consequentially, the land-losers would be exempted from payment of income tax in respect of the compensation payable to them.
- 22. Since, it is contended that the tax has been deducted at source as per the then prevailing law when the 2013 Act was not applied, the Income Tax Department is directed to refund the tax that has been deposited to the account of the petitioners within a period of two months from today.

8.2 The principle laid down by the Hon'ble Karnataka High Court in the case cited above are squarely applicable in the case on hand. Therefore, respectfully following the same, we hold that all compensation received by the assessee is exempt from the levy of tax. Accordingly, we set aside the finding of the Id. CIT(A) and direct the AO to delete the addition made by him. Hence, the ground of appeal of the assessee is hereby allowed.

9. In the result, the appeal of the assessee is allowed.

**Coming to ITA No. 934/Bang/2024 for the asst. year 2017-18**

10. The facts of the case on hand are identical to the facts of the case discussed above, thus respectfully following the same, we set aside the finding of the Id. CIT(A) and direct the AO to delete the addition made by him.

11. In the result, the appeal of the assessee is hereby allowed.

12. In the combined result, both the appeals of the assessee are allowed.

Order pronounced in court on 19<sup>th</sup> day of November 2024

Sd/-

**(KESHAV DUBEY)**  
Judicial Member

Sd/-

**(WASEEM AHMED)**  
Accountant Member

Bangalore  
Dated, 19<sup>th</sup> November, 2024

/ vms /

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore