

**IN THE INCOME TAX APPELLATE TRIBUNAL  
(CHANDIGARH BENCH: 'B': CHANDIGARH)**

**BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT  
AND  
SHRI KRINWANT SAHAY, ACCOUNTANT MEMBER**

**ITA No:- 1551/CHD/2019  
(Assessment Year- 2007-08)**

ITO, Ward-6(4), Mohali.	Vs.	Sh. Sant Singh, S/o Village-Jhugian, Tehsil Kharar, Distt. Mohali.
<b>PAN No:</b> CYXPS7559H		
<b>APPELLANT</b>		<b>RESPONDENT</b>

**Revenue by** : Dr. Ranjit Kaur, Addl. CIT, Sr. DR  
**Assessee by** : None

**Date of Hearing** : 02.01.2025  
**Date of Pronouncement** : 02.01.2025

**ORDER**

**PER MAHAVIR SINGH, VP:**

This appeal by Revenue is arising out of order of CIT (Appeals)-2, Chandigarh in appeal no. 91/2/15-16 order dated 03.09.2019. The assessment was framed by ITO, Ward 6(4), Mohali, U/s 144 r.w.s. 147 of the Income Tax Act, 1961 (hereinafter referred to as

‘the Act’) for the Assessment Year (AY) 2007-08 vide his order dated 26.03.2015.

2. The only issue in this appeal of Revenue is as regards to the order of CIT(A) deleting the addition made by the AO of Rs. 2,77,02,500/- being cash deposit and huge credit entries in the bank account as unexplained U/s 68 of the Act. For this, Revenue has raised various grounds, which are argumentative and exhaustive and, hence, need not be reproduced.

3. The brief facts are that the assessment was framed by Assessing Officer (AO) under Section 144 r.w.s. 147 of the Act, as assessee did not attend the proceedings despite notice of service. The AO from perusal of bank statement noticed that there are credit entries in Joint Bank Account maintained by Sh. Sant Singh (Assessee), along with his mother Smt. Ajaib Kaur amounting to Rs. 5,54,05,000/-, during the Financial Year 2006-07 relevant to this AY 2007-08. The AO required the assessee to explain the source of 50% of total amount and thereby explain the amount of Rs. 2,77,02,500/-. As the assessee could not explain the credit entries in the joint bank account, the AO added 50% of total amount of Rs.

5,54,5000/- i.e. Rs. 2,77,02,500/- as unexplained cash deposits U/s 68 of the Act. Aggrieved, the Assessee preferred an appeal before the CIT(A).

4. The CIT(A) after noting the facts that the assessee has sold land, noted as under:

*“6.3.3 It has been claimed that the assessee invested the capital in the purchase of following agricultural lands and in the construction' of a residential house and is entitled to deduction u/s 54B and u/s 54F of the Act:*

*a) Agricultural land measuring 82 kanal 2 marle on 09.06.2006 for consideration (Rs.82,10,000 + Rs.3,69,000*

*(Stamp Duty) 85,79,000/-*

*b) Agricultural land measuring 30 kanal 3 marle on 20.06.2006 for consideration of (Rs.30,15,000 + Rs.1,81,000*

*(Stamp Duty) 31,96,000/-*

*c) Agricultural land measuring 60 kanal 5 marle on 13.03.2007 for consideration of (Rs.60,25,000 + Rs.3,61,500*

*(Stamp Duty) 63,86,500/-*

*1,81,61,500/-*

The CIT(A) finally deleted the addition by observing in para 8.1 as under:

*“8.1 The submissions of counsel of the assessee have been considered. The assessee and his mother jointly sold the ancestral agricultural land measuring 32 kanals 4 marle having 5% of each share, for total consideration of Rs.73 lacs. Since the land is situated at village Jhungian which falls under the M.C. limits, it is a capital asset and come under the provisions of capital gain. The computation*

*of capital gain arising from transactions works out to be of Rs. 1,81,61,500/-. The assessee is entitled to deduction u/s 54B amounting to Rs.1,81,61,500/- against the capital gain worked out at Rs.1,12,81,124/-. This fact has also been corroborated by the assessing officer in her remand report of 17.02.17. This concession on the part of the AO also disentitles the department from treating the sale considerations of the two transactions (Rs.73 lacs and Rs.175 lacs on which capital gains was arrived at) as unexplained. The other entries in the bank account relating to loans from ICRMS Ltd. that have been paid back in the same previous year (evidenced from bank account narrations) also stand explained. There was no rationale further in treating entries evidenced as loans and reverse entries on the same date as unexplained. Grounds of Appeal no. 4 & 5 are allowed.”*

Aggrieved, the Revenue is in appeal before the Tribunal.

5. We have heard the rival contention and gone through the facts and circumstances of the case. We noted that the CIT(A) while deleting the addition of capital gains considered the remand report of the AO, admitted the sale of this land to the extent of Rs. 1,81,61,500/-and worked out capital gain at Rs. 1,12,81,124/- as under:

*“6.3.4 Since the assessee is entitled to deduction u/s 54B amounting to Rs.1,81,61,500/- against the capital gain worked out at Rs.1,12,81,124/-, no capital gain is taxable in the hands of the assessee on the basis of additional evidence filed by the assessee during the appellate proceedings. Therefore, investment made in the construction of house is not considered and the case may be decided on merits.”*

We noted that the sale of this agricultural land and the entries which got reverse on the same date on account of withdrawals and

re-deposits, which are more than the amount deposited in the bank account, which is verified by CIT(A). Hence, we find no infirmity in the order of CIT(A) and, accordingly, the order of CIT(A) is affirmed. This issue of Revenue's appeal is dismissed.

6. In the result, appeal of the Revenue is dismissed.

Order pronounced in the Open Court on 02.01.2025

**Sd/-**  
**(KRINWANT SAHAY)**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**(MAHAVIR SINGH)**  
**VICE PRESIDENT**

Dated: 02.01.2025

Pooja/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR  
ITAT NEW DELHI