आयकरअपीलीयअधिकरण,'ए'न्यायपीठ,चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH, CHENNAI

श्रीएसएसविश्वनेत्ररवि, न्यायिकसदस्यएवंश्रीएस.आर.रघुनाथा, लेखासदस्यकेसमक्ष
BEFORE SHRI SS VISWANETHRA RAVI, JUDICIAL MEMBER AND SHRI S.R. RAGHUNATHA, ACCOUNTANT MEMBER

आयकरअपीलसं./**ITA No.:2873/Chny/2024**
निर्धारणवर्ष / Assessment Year: **2014-15**

Natesan Ekambaram, 1/115, Bajanai Kovil Street, Perumbakkam, Medavakkam Post, Chennai – 601 302	vs.	**DCIT,** Central Circle -1(2), Chennai.
[PAN:ACKPE-6757-C] (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थीकीओरसे/Appellant by : Mr.K.Vishwa Padmanabhan, CA.
प्रत्यर्थीकीओरसे/Respondent by : Mr.C.Sivakumar , Addl.CIT.

सुनवाईकीतारीख/Date of Hearing : 19.08.2025
घोषणाकीतारीख/Date of Pronouncement : 01.09.2025

□□□□ /O R D E R

PER S. R. RAGHUNATHA, AM :

This appeal has been preferred by the Assessee against the order dated 25.09.2024 passed by the learned Commissioner of Income Tax (Appeals)-18, Chennai [hereinafter referred to as the "ld.CIT(A)"], which arises out of the assessment order dated 21.03.2023 passed u/s.147 of the Income-tax Act, 1961[hereinafter referred to as the "Act"] by the Deputy Commissioner/Assistant Commissioner of Income Tax, Central Circle-1(2), Chennai [hereinafter referred to as the "AO"], for the Assessment Year (A.Y.) 2014-15.

2. The assessee has raised the following grounds of appeal:

> *"1.That the Learned Commissioner of Income Tax (Appeals) – 18, Chennai is not justified in not appreciating that the reopening of the assessment is bad in law on account of various factors (Additional Ground).*
>
> *2.That the Ld. CIT(A) is not justified in holding that the land transferred by the appellant is an urban agricultural land liable for taxation as per section 2(14)(iii) of the Income-tax Act, 1961.*
>
> *Without prejudice to the above, the following grounds of appeal are raised:*
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> *3.That the Ld. CIT(A) ought to have appreciated that the Assessing Officer erred in assessing the sale consideration of Rs.2,50,00,000/- in the hands of the appellant.*
>
> *4.That the Ld. CIT(A) is not justified in not appreciating that the appellant is not the sole owner of the land, hence the entire sale consideration cannot be brought to tax in the hands of the appellant alone.*
>
> *5.That the Ld. CIT(A) is not justified in denying the claim of exemption u/s.54/54F made by the appellant."*

3. The brief facts of the case are that the assessee is an individual, did not furnish his return of income for the impugned assessment year. The assessee is the owner of 121 cents of vacant land situated at Survey No.182, Siruseri Village, Thiruporur Taluk, Kancheepuram District.During the course of survey proceedings conducted at the premises of M/s.Jacaranda Properties Private Limited, it came to light that the assessee had sold 30.35 cents of the aforesaid land, out of his total holding of 121 cents, to M/s.Jacaranda Properties Private Limited on 14.10.2013 for a total sale consideration of Rs.1,00,44,000/-. The said transaction was effected through his power agent, Shri V.R. Anbuvelrajan.

4. Based on the aforesaid information, the case of the assessee was reopened, and the assessment was initially completed u/s.144 r.w.s147 of the Act on 26.03.2022, determining the total income of the assessee at Rs.2,47,64,718/-.

5. The aforesaid assessment stood rendered redundant in view of the judgment of the Hon'ble Supreme Court in Union of India v. Ashish Agrawal. Pursuant thereto, the AO reopened the case of the assessee to re-do the assessment in accordance with the procedure prescribed under the amended

regime introduced by the Finance Act, 2021, with effect from 01.04.2021. In compliance therewith, the AO passed an order u/s.148A(d) of the Act and, thereafter, issued a notice u/s.148 of the Act on 30.07.2022. In response, the assessee filed his return of income on 15.11.2022 admitting a total income of Rs.2,45,610/-.

6. During the course of the assessment proceedings, the AO observed that the assessee had executed a Power of Attorney in favour of Shri V.R.Anbuvelrajan authorising him to deal with 121 cents of vacant land situated at Survey No.182, Siruseri Village, Thiruporur Taluk, Kancheepuram District. Pursuant thereto, the said Power of Attorney holder executed a registered sale deed dated 14.10.2013 in favour of M/s.Jacaranda Properties Private Limited, conveying 30.35 cents of the aforesaid land for a sale consideration of Rs.1,00,44,000/-.

7. The AO further noted that, notwithstanding the consideration recorded in the registered instrument, the assessee was in fact in receipt of an aggregate sum of Rs.2,50,00,000/- in connection with the said transfer. Accordingly, the AO issued a show cause notice requiring the assessee to explain as to why the entire amount of Rs.2,50,00,000/- should not be brought to tax as capital gains.

8. In response, the assessee contended that the subject land constituted "agricultural land" within the meaning of Section 2(14) of the Act, and accordingly no liability to capital gains tax arose on such transfer. The AO, however, did not accept the assessee’s contention. According to the AO that the impugned land constituted a "capital asset" within the meaning of the Act and, therefore, was liable to capital gains taxation. On that basis, the AO computed the long-term capital gains at Rs.2,45,19,108/-, by adopting the entire receipt including the advance for the balance land as sale consideration at Rs.2,50,00,000/-.The relevant findings and observations of the AO are as under:

> *“a) The land was sold by assessee comprised in survey no.182 measuring 121 cents, in Siruseri Village, Thiruporur Taluk, Kancheepuram district vide*

her General Power of Attorney deed 14244/2013 dated 09.10.2013 and sale document No.14250/2013 dated 14.10.2013 for a sale consideration of Rs.100,44,000/-. The sale deed executed by POA describes the property as "Vacant land". The land is classified as mixed residential zone by Local and Municipal Notification in Government order in G.O.MS. No. 153, Housing and Urban Development (UD4)(2) of Government of Tamilnadu and being residential land, the land sold was a capital asset as per IT Act.

b) The buyer, M/s. Jacaranda Properties Private Limited has purchased the land as non-agricultural land and has deducted TDS u/s.194IA as required for transfer of land as Capital asset and the land is immediately developed as residential project by this company.

c) The assessee has claimed this land as agricultural land without furnishing any proof such as the land was put to use for agricultural purposes and proof of agricultural activity carried out in her land.

d) The assessee vide her General Power of Attorney deed 14244/2013 dated 09.10.2013 has described in "Schedule Property" as vacant land and in page no. 3 of POA has stated that "to develop the schedule property into residential or commercial building". In all the documents, the land is not described as agricultural land but vacant land to develop as residential building. Thus, land in question qualifies the conditions as a capital asset as defined in Sec.2(14) of the IT Act and is treated as Capital asset.

The sale deed for the property at Siruseri village reveals that sale of 30.35 cents of S.No.182 for a consideration of Rs.1,00,44,000/-. However, the bank statements of the assessee reveals that the assessee received sale consideration of Rs.2,50,00,000/-. Hence, the same is treated as sale consideration received for the above-mentioned property and the Long-Term capital gain is worked out as under.

Sale consideration received = Rs.2,50,00,000/-
*Less: Indexed cost (238260*220/109)=Rs.4,80,892/-*
Long term capital gains = Rs.2,45,19,108/-

The assessee has not furnished any documents with regard to investment of Capital Gain in Capital Gain account and further investment in residential property, no capital gain exemption is allowed to the assessee. Thus, the Capital gains earned by the assessee out of this transaction is Rs.2,45,19,108/-. Therefore, an amount of Rs.2,45,19,108/- is treated as unaccounted income from Long term capital gains and added to total income of the assessee at special rates."

9. The AO, thus completed the assessment u/s.147 of the Act vide order dated 21.03.2023, assessing the total income of the assessee at Rs.2,47,64,718/-.

10. Aggrieved of the above assessment order, the assessee carried the matter before the ld.CIT(A).

11. Before the ld.CIT(A), the assessee contended that the entire extent of 121 cents of land constituted agricultural land, relying on various revenue records. On this basis, it was pleaded that the impugned land did not qualify as a capital asset and, therefore, could not be brought to tax. In the alternative, the assessee argued that the entire receipt of Rs.2,50,00,000/- could not be subjected to tax as the sale has been taken place only to the extent of 30.35 cents and further sought exemption of Rs.82,15,610/- on account of reinvestment in a residential house property u/s.54F of the Act. However, the ld.CIT(A), by order dated 25.09.2024, dismissed the assessee's appeal by observing as under:

> *"6.5 First question is whether the land qualifies as capital asset u/s as per section 2(14) (iii) of the Act or not so as to determine the taxability of sale of land.*
>
> *6.5.1 The assessee contends that the land is classified as agricultural land (Nanjai land) in the revenue records. The assessee produced the copy of the VAO certificate describing the land as agricultural land. The assessee also produced copy of adangal certificates for the fasli year 1420 (pertaining to calendar year 2010) in which it is clearly mentioned that in land measurement no: 182 cultivation of rice has been carried out. From the above, it is clear the land has been classified as an agricultural land but for income tax purposes the appellant is liable to tax if the agricultural land is situated within the limits as prescribed in section 2(14) of the Act.*
>
> *6.5.2 The assessee has contended that the AO has quoted the Go.Ms No: 153, Housing and urban development (UD4)(2) of Govt. of Tamil Nadu in which the land is classified as mixed residential zone by local and municipal notification in Government Order but a copy of the order has not been provided during the assessment proceedings. Further the land is more than 8 kms from municipal limits to qualify as a capital asset.*
>
> *6.5.3 Capital asset has been defined in Act itself and there is no need to look beyond the provisions of the Act.*
>
> *(14) ["capital asset" means—*
>
> *(a) property of any kind held by an assessee, whether or not connected with his business or profession;*
>
> *(b) any securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992),*
>
> *but does not include—…….*
>
> *(iii) agricultural land in India, not being land situate—*

(a) in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand [***] ; or

[(b) in any area within the distance, measured aerially,—

(I) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than ten thousand but not exceeding one lakh; or

(II) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than one lakh but not exceeding ten lakh; or

(III) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than ten lakh.

As per section 2(14)(iii) (a) and (b) of the IT Act, capital asset means agricultural land situated in the area comprised within the jurisdiction of municipality or in any area within the distance as specified in the act taking in to consideration the population of the municipality. Any agricultural situated outside the limits specified in section 2(14)(iii) (a) and (b) do not fall under the definition of capital asset and hence it is exempt from capital gains tax.

It is observed that the siruseri is situated within the specified limits of the municipality. The Chennai Corporation was expanded in the year 2011 and various municipalities and town panchayats were included in to its fold. The Chennai corporation was renamed as Greater Chennai corporation (GCC) with 200 wards and one town panchayat Sholinganallur and one panchayat union semmencherry village was brought within the fold of GCC. Section 2(14)(iii) (a) and (b), as amended by the finance Act, 2013 prescribed aerial mode of measuring the distance between the limits of municipality and the specified locality in which the capital asset is situated. It is seen that the aerial distance between the semmenchery and siruseri is less than 8 kms and the population of Chennai corporation is more than 10 lakhs.

6.5.4 Hence the land fall within the range of 8 kms from Chennai corporation limits and qualifies as urban agricultural land liable for taxation as per section 2(14)(iii) of the Act.

6.6 The assessee contends that the land was land in question (measuring 1 acre 21 cents) was purchased vide sale deed 3067/2003 dt: 07.11.2003. The source for the above purchase is from the sale proceeds of his ancestral land and since the land is ancestral the assessee's son and daughter also have a 50% share in the purchased land. The capital gains has to be assessed in his hands as well as his son's hands at 50% share each.

6.6.1 It is observed from the records that the land in question was purchased solely by the assessee in his name and it continued in his name till the date of sale. No details regarding the HUF status, land purchase from sale of ancestral property was brought on record or in the sale documents nor were

the heirs signatories to the deed. Hence the capital gains arising from sale of this land has to be assessed in his hands only and it cannot be taxed in the hands of legal heirs.

6.7 Alternatively, the assessee made the claim of exemption u/s 54F if the land was determined as a capital asset u/s 2(14) of the Act by the AO. The assessee during the course of assessment proceedings has made the alternate claim u/s 54F before the AO vide letter dt: 04.03.2022 in which the assessee has stated that he spent Rs.82,15,610/- towards construction of residential property. The AO rejected the claim as the assessee has not furnished any documents with regard to investment of capital gain in capital gains account and further investment in residential property.

6.7.1 The assessee has now raised the issue of exemption u/s 54F before the undersigned and first the issue of admitting the claim u/s 54F is taken up.

6.7.2 In Goetze (India) Ltd. v. CIT (2006) 204 CTR (SC) 182 : (2006) 284 ITR 323 (SC), the Supreme Court held that the assessee can make a claim for deduction, which has not been claimed in the return, only by filing a revised return within the time allowed. In the same decision, it was made clear that the power of the Tribunal to admit an additional ground under s. 254 is not affected by its decision. It was however clarified that the case was concerned with only the power of the assessing authority and not the appellate authority. Under s. 250(5), the CIT(A) has the power to allow the appellant to go into any ground of appeal not specified in the grounds of appeal if he satisfied that the omission of the ground from the form of appeal was not wilful and unreasonable.

6.7.3 Reliance is placed on the decision of the Hon'ble high court of Madras in CIT Vs Abhinitha Foundation [2017] 83 Taxmann. com 100 (Madras) in which it was held as under:

> *18. In sum, what emerges from a perusal of the ratio of the judgments cited above, in particular, the judgments rendered by the Supreme Court in Goetze's India Ltd.'s case (supra) and National Thermal Power Co. Ltd.'s case (supra), and those, rendered by the Division Bench of this Court in Ramco Cements Ltd. (supra) and Malind Laboratories (P.) Ltd. (supra) as also the judgments of the Delhi High Court in Sam Global Securities Ltd.'s case (supra) and Jai Parabolic Springs Ltd.'s case (supra), that, even if, the claim made by the assessee company does not form part of the original return or even the revised return, it could still*
>
> *be considered, if, the relevant material was available on record, either by the appellate authorities, (which includes both the CIT (A) and the Tribunal) by themselves, or on remand, by the Assessing Officer. In the instant case, the Tribunal, on perusal of the record, found that the relevant material qua the claim made by the assessee company under Section 80 IB (10) of the Act was placed on record by the assessee company during the assessment proceedings and therefore, it deemed it fit to direct its re-examination by the Assessing Officer.*

6.7.4 It is also seen that the assessee did not claim the exemption u/s 54F as he was of the belief that the land is question is an urban agricultural land

exempt from taxation under capital gains. In view of the above legal position, the claim of the assessee u/s 54 F is taken up for consideration.

6.7.5 It is seen that the assessee is an individual and has sold the land which has been determined as non-agricultural vacant land liable for taxation under the head LTCG. The assessee has stated that the sale proceeds of Rs.82,15,610/-are invested in construction of residential property. The assessee has produced the abstract estimate of construction from builder, and copy of bills regarding construction. However, on perusal of the bills it is seen that it is printed on a plain sheet, without full description of work done. The details of contractor & details of payment made to corroborate the payments made for construction is not submitted. Hence there is doubt regarding the genuineness of bills. The plan copy submitted is also not approved one. Hence there is doubt regarding the claim of house construction. Hence the claim of 54/54F is rejected and this ground is dismissed."

12. Aggrieved by the order of the ld.CIT(A), the assessee preferred the present appeal before us.

13. The assessee, in Ground No. 1, has challenged the validity and legality of the reopening of the assessment. However, at the time of hearing, the ld.AR of the assessee, upon instructions, submitted that he does not wish to press this ground. The said ground is, therefore, dismissed as not pressed.

14. The assessee in Ground No.2 has challenged the action of theld.CIT(A) in upholding the finding of the AO that the land of 30.35 cents sold by the assessee during the relevant assessment year constitutes a "capital asset" within the meaning of Section 2(14) of the Act, thereby rendering the same liable to capital gains tax.

15. The ld.AR, Shri K.Vishva Padmanabhan, CA, submitted that the assessee is primarily an agriculturist, carrying on agricultural activities in ancestral agricultural land situated at Perumbakkam. The said ancestral land was sold during the year 2002, and the proceeds from such sale were invested in the purchase of another parcel of agricultural land admeasuring 121 cents located in Siruseri Village, Thiruporur Taluk, Kancheepuram District (Survey No. 182, part), under a registered sale deed bearing Document No. 3067/2003 dated 2003.

16. The ld.AR contended that due to the relatively small scale of agricultural operations and the limited economic viability thereof, the assessee and his family members resolved to dispose of the said property. For this purpose, a General Power of Attorney was executed on 09.10.2013 in favour of Shri V.R.Anbuvelrajan, a real estate dealer, authorising him to negotiate and conclude the sale.

17. It was submitted that Shri V.R.Anbuvelrajan negotiated and agreed upon a total consideration of Rs.2,50,00,000/- for the entire extent of 1 acre and 21 cents. However, during the relevant assessment year, the assessee conveyed only a portion of the said land, measuring 30.35 cents, through the said power agent, in favour of M/s.Jacaranda Properties Private Limited, under Document No. 14250/2013 dated 14.10.2013, for a consideration of Rs.1,00,44,000/-. The Ld.AR emphasised that only the aforesaid portion was transferred during the year under consideration, and consequently, the consideration attributable thereto was restricted to Rs.1,00,44,000/-. The balance amount of Rs.1,50,00,000/- pertained to the remaining extent of land and was received merely as an advance, which has been duly reflected in the assessee's books of account and disclosed in the return of income filed for the impugned assessment year.

18. The ld.AR further submitted that the AO erred in classifying the impugned land as "urban vacant land" by placing reliance on Government of Tamil Nadu G.O. No.153, without furnishing a copy of the said Notification to the assessee for rebuttal. It was argued that deduction of tax at source by the purchaser u/s.194-IA of the Act, being a statutory compliance, does not alter the intrinsic character of the land as agricultural. It was further urged that the AO, without appreciating the revenue records produced during assessment, has incorrectly held the impugned land to be non-agricultural in nature.

19. It was also submitted that the ld.CIT(A), while prima facie accepting that the land is agricultural in nature, nonetheless erred in concluding that it is

situated within an “urban area” on the basis of its proximity to Chennai. Reliance was placed on the certificate issued by the Village Administrative Officer (VAO), evidencing that Siruseri continues to be recognised as a village. The ld.AR placed reliance on revenue records of the State Government to contend that the land is situated in a rural area and, therefore, is excluded from the definition of “capital asset” u/s.2(14) of the Act. Accordingly, it was prayed that the addition made by treating the land as a capital asset be deleted.

20. Per contra, the ld.DRShri C.Siva Kumar, Addl.CIT, submitted that the boundaries of the Greater Chennai Corporation were expanded in 2011, so as to include Semmencherry village within its jurisdiction. The ld.DR submitted that the impugned land at Siruseri is situated within a distance of less than 8 kilometres from Semmencherry, which forms part of the Greater Chennai Corporation. Since the population of the Chennai Corporation exceeds 10 lakhs, the land in question falls squarely within the ambit of Section 2(14)(iii) of the Act as “urban agricultural land” and, therefore, constitutes a capital asset exigible to capital gains tax.

21. We have heard the rival contentions, perused the orders of the lower authorities, and examined the written submission and paper book placed on record by the ld.AR. The issue that arises for determination is whether the land admeasuring 30.35 cents situated at Survey No. 182, Siruseri Village, Thiruporur Taluk, Kancheepuram District, transferred by the assessee during the impugned assessment year, qualifies as agricultural land excluded from the definition of “capital asset” u/s.2(14) of the Act, or whether it falls within the ambit of urban land taxable as capital asset.

22. We note that there is no dispute as to the agricultural character of the land in question, nor its location in Siruseri Village. The Revenue’s case rests on the assertion that by virtue of the 2011 expansion of the Greater Chennai Corporation, Semmencherry village was included within the corporation limits, and the distance between Semmencherry and the impugned land is less than 8

kilometres. Consequently, in view of the statutory prescription u/s.2(14)(iii)(b) of the Act, the impugned land is to be regarded as a capital asset.

23. We further note that the assessee has not been able to establish, with cogent evidence, that the distance between Siruseri and Semmencherry exceeds 8 kilometres. In the absence of such proof, and having regard to the statutory framework, we are inclined to accept the findings of the Revenue authorities.Accordingly, we hold that the land in question constitutes a “capital asset” within the meaning of Section 2(14) of the Act and that the transfer thereof during the impugned assessment year is liable to capital gains tax. The ground raised by the assessee is, therefore, dismissed.

24. In the alternative, the assessee, in Ground No.3, has assailed the action of the AO in adopting the sale consideration at Rs.2,50,00,000/- as against the actual sum of Rs.1,00,44,000/- received by the assessee in respect of the transfer of 30.35 cents of land effected during the assessment year under consideration.

25. In support of the ground of appeal, the ld.AR filed the written submission before us, which is as under:

> *“As explained previously, out of 1 acre 21 cents of land that he owned, he had transferred 30.35 cents to JPPL and the sale consideration he received was Rs.1,00,44,000/- towards the same. The Assessing Officer had noted that vide sale deed 14250/2013 dated 14.10.2013, the total sale consideration for the property was Rs.1,00,44,000/-. This fact has also been noted by the CIT(A) in para 6.2 of the order passed by him. Therefore, the undisputed fact is that out of 121 cents of land, only 30.35 cents have been transferred to JPPL by the power agent. The balance 90.5 cents are entirely owned by the appellant although the power agent has been given the authority to deal with the same. However, the balance land has not been transferred. Therefore, although a negotiated sum of Rs.2,50,00,000/- may have been received from the power agent in the impugned year and no further amount is payable to the appellant, the capital gains arising from the transfer of the residual land would be exigible to tax only when the property in the balance portion i.e.,90.5 cents is transferred in favour of another buyer. In view of the factual matrix of the case, it becomes clear that the sale consideration has to be reckoned as Rs.1,00,44,000/- for the purpose of computation of capital gains and not Rs.2,50,00,000/-. The clear arrangement with the power agent, Mr.Anbuvelrajan was that no payment beyond Rs.2.5 crores would be made although he could sell the property for*

any amount, he may deem fit. This has been explained to the Assessing Officer vide letter dated 15.09.2021 (please refer Paperbook – Pages2,3).

It is most respectfully submitted that there is no dispute on the fact that the actual sale consideration for the transfer of land during the impugned assessment year was only an amount of Rs.1,00,44,000/-. Thus, as per the charging provisions of section 45 of the Act, full value of consideration in respect of the 30.35 cents transferred during the impugned assessment year is to be taken at Rs.1,00,44,000/- and not Rs.2,50,00,000/- merely because the appellant had received advance for the entire are of land.

It is most respectfully submitted that the balance sum of Rs.1,49,56,000/- (2,50,00,000 less 1,00,44,000) has to be treated as an advance received towards transfer of the balance land and can be subjected to tax only in the assessment year when the transfer takes place. This is evidenced by the fact that the Balance Sheet of the appellant as on 31.03.2014 clearly reflects Rs.1,50,00,000 as advance received on the 'Liabilities' side. On the directions of the Hon'ble Bench, copy of the Balance Sheet is enclosed as Annexure – 1. Further, the same is also duly reported in the Income Tax Return filed for the impugned assessment year under 'Loan Funds'. Cop of the relevant extract of the Income Tax Return is enclosed as Annexure – 2.

In view of the foregoing, it is most humbly prayed that this Hon'ble Bench may be pleased to direct the AO to adopt the Full Value of Consideration at Rs.1,00,44,000/- in place of Rs.2,50,00,000/-. It is further prayed that the Assessing Officer may kindly be directed to recompute the capital gains accordingly."

26. Per contra, the ld.DR argued that the entire sum of Rs.2,50,00,000/- is taxable in the hands of the assessee on receipt basis and vehemently objected to the prayer of the ld.AR in restricting the sale consideration only to the extent of Rs.1,00,44,000/-.

27. We have carefully considered the rival submissions advanced on behalf of both the parties. We have perused the assessment order as well as the order of the ld.CIT(A). We have also taken into consideration the written submissions and the paper book placed on record by the ld.AR.

28. We note that the undisputed facts are that the assessee is the owner of vacant land admeasuring 121 cents situated at Survey No.182, Siruseri Village, Thiruporur Taluk, Kancheepuram District. On 09.10.2013, the assessee executed a registered General Power of Attorney (GPA) in favour of one Shri V.R.Anbuvelrajan authorising him to deal with the said land, including powers of

sale, development, and allied rights. A perusal of the said registered GPA clearly reveals that the execution of the power of attorney did not amount to a transfer of ownership or possession of the land in favour of the power agent. It is further noted that no consideration was received by the assessee for execution of the said power of attorney. Hence, by mere execution of the GPA, no transfer of a capital asset within the meaning of section 2(47) of the Act had taken place in favour of Shri V.R.Anbuvelrajan. Moreover, the GPA holder is not the buyer of the vacant land held by the assessee and is only authorised to deal with the prospective buyers.

29. It is further noted from the record that subsequently, the power agent, Shri V.R.Anbuvelrajan, acting under the authority of the said GPA, executed a registered sale deed dated 14.10.2013 transferring only to the extent of 30.35 cents (out of the total 121 cents) in favour of M/s.Jacaranda Properties Private Limited for a sale consideration of Rs.1,00,44,000/-. It is also not in dispute that the actual transfer of land during the relevant assessment year was restricted only to the said extent of 30.35 cents and the sale consideration received in respect thereof was Rs.1,00,44,000/-. Hence, we find that considering the balance amount as sale consideration for the impugned assessment year by the AO is erroneous.

30. The AO, however, proceeded on the basis that the assessee had received an amount of Rs.2,50,00,000/- from the power agent, Shri V.R.Anbuvelrajan, and treated the same as the full value of consideration for the transfer of the said 30.35 cents. We note that such conclusion of the AO is not borne out of the material available on record. There is nothing to demonstrate that the said sum of Rs.2,50,00,000/- was received by the assessee from the ultimate purchaser, i.e., M/s. Jacaranda Properties Private Limited. It is equally significant that the AO has not conducted any enquiry either with the power agent or with the purchaser company to ascertain whether any consideration, over and above Rs.1,00,44,000/-, had actually passed hands.

31. In the absence of cogent material, the mere receipt of funds, if any, from the power agent cannot be equated with the transfer consideration for the impugned sale transaction, particularly when there was no transfer of the capital asset to the power agent himself. The legal position is well settled that unless possession and ownership of the property are transferred in pursuance of a registered instrument, coupled with actual consideration from the purchaser, the same cannot be regarded as “transfer” within the meaning of section 2(47) of the Act.

32. In the instant case, the recitals of the registered sale deed dated 14.10.2013 clearly indicate that the full value of consideration for the transfer of 30.35 cents of land to M/s.Jacaranda Properties Private Limited is Rs.1,00,44,000/- only. In law, the recitals of a registered document carry greater evidentiary value unless rebutted by cogent evidence, which in the present case is completely absent. On the contrary, the assessee has duly accounted for the differential sum of Rs.1,50,00,000/- as an advance in his books of account, which is also duly reflected in the return of income filed for the relevant year under the head “liabilities”. Thus, the assessee’s stand remains consistent both in books as well as before the authorities.

33. Having regard to the totality of facts and circumstances, we are of the considered opinion that the AO erred in adopting the figure of Rs.2,50,00,000/- as the sale consideration for the transfer of 30.35 cents of land. The correct figure of sale consideration, as evidenced by the registered sale deed and corroborated by books of account, is only Rs.1,00,44,000/-. In view of the above, we direct the AO to recompute the long-term capital gains by adopting Rs.1,00,44,000/- as the full value of consideration. Consequently, the addition of Rs.1,49,56,000/- (Rs.2,50,00,000/- less Rs.1,00,44,000/-) made by the AO is hereby deleted.In the result, the ground raised by the assessee on this issue stands allowed.

34. In Ground No.4, the assessee has assailed the taxability of the entire sale consideration in his individual hands on the plea that the impugned land was acquired out of ancestral property, and consequently, he is under a legal obligation to distribute the sale consideration among the respective family members. However, during the course of hearing, the ld.AR failed to furnish any cogent or corroborative evidence in support of the said contention. In the absence of substantiating material, we are not inclined to accept this ground. Accordingly, Ground No. 4 raised by the assessee stands dismissed.

35. The assessee in Ground No.5 has assailed the action of theld.CIT(A) in denying the benefit of exemption u/s.54F of the Act amounting to Rs.82,15,610/-claimed on account of reinvestment in a residential house property. It is noted that the assessee had claimed exemption u/s.54F of the Act before the ld.CIT(A) also, who admitted the said claim for consideration. However, the ld.CIT(A), upon examination, declined to allow the exemption u/s.54F of the Act on the ground that the evidentiary documents produced in support of the construction expenses were merely on plain paper. The ld.CIT(A), therefore, rejected the claim of the assessee.

36. The ld.AR, furnished the written submission before us which is as under:

> *"It is most respectfully submitted that the assessee had reinvested the sale consideration in the construction of a residential house. Accordingly, an alternate claim for exemption of Rs.82,15,610/- u/s.54F of the Act was made before the Ld. CIT(A). The Ld. CIT(A), however, rejected the claim merely on the ground that certain bills were printed on plain paper. Apart from this observation, the Ld. CIT(A) has not pointed out any discrepancy in the claim made by the assessee.*
>
> *During the course of hearing on 19.08.2025, it was specifically submitted that the reinvestment was made out of the sale consideration received on account of the transfer of the impugned land. In this regard, the Hon'ble Bench was pleased to direct the assessee to furnish the relevant bank account statements evidencing the receipts of sale consideration and the subsequent payments/transfers towards construction.*
>
> *In compliance with the directions of the Hon'ble Bench, copies of the bank account statements maintained with UCO Bank and City Union Bank are enclosed herewith as Annexures – 3 & 4, respectively.*

In view of the foregoing facts and submissions, it is most humbly prayed that necessary directions may kindly be issued to the Assessing Officer to allow the exemption of Rs.82,15,610/- as claimed by the assessee u/s.54F of the Act."

37. The ld.DR placing reliance on the order of the ld.CIT(A) vehemently objected to the assessee's claim of exemption u/s.54F of the Act.

38. We have carefully considered the rival submissions advanced on behalf of both the parties. We have perused the assessment order as well as the order of the ld.CIT(A). We have also taken into consideration the written submissions and the paper book placed on record by the ld.AR.

39. We observe at the outset that it is not the case of the Revenue that the assessee is otherwise ineligible for exemption u/s.54F of the Act. The only point of dispute raised by theld.CIT(A) pertains to the nature of evidence furnished by the assessee, particularly the construction bills, which were produced on plain paper and, according to the ld.CIT(A), lacked proper supporting documentation.On careful examination of the material placed on record, it is evident that the assessee had in fact undertaken construction of a residential property and had incurred substantial expenditure towards the said construction out of the sale consideration received. The lower authorities ought to have undertaken a proper verification of the assessee's bank account statements in order to ascertain whether the expenditure claimed was actually incurred.

40. Upon perusal of the assessee's bank account statements, we note that there are significant cash withdrawals as well as payments made towards construction. These entries provide corroborative evidence that the assessee did not merely make a paper claim of exemption u/s.54F of the Act, but had indeed expended monies towards the construction of the residential property.It is therefore not a case where the assessee has sought to avail exemption u/s.54F of the Act without incurring any real or tangible cost. When sufficient bank transactionscomprising both withdrawals and paymentsare demonstrably available in support of the claim, the exemption cannot be disallowed solely on

the ground that the supporting vouchers or bills are on plain paper or not in the preferred form. Substance must prevail over form, particularly when the evidence otherwise substantiates the incurring of expenditure for the purposes envisaged u/s.54F of the Act.

41. In the peculiar facts and circumstances of the case, we are of the considered view that the assessee is entitled for exemption u/s.54F of the Act in respect of the investment made towards construction of a residential house, aggregating to a sum of Rs.82,15,610/-. The AO is directed to grant exemption u/s.54F of the Act for the said sum and to recompute the long-term capital gains chargeable to tax after giving effect to the same.In the result, the ground of appeal raised by the assessee on this issue stands allowed.

42. In view of the foregoing, to make it clear, we direct the AO to adopt the sale consideration at Rs.1,00,44,000/- instead of Rs.2,50,00,000/- for the purpose of computing the taxable long-term capital gains. Further, the AO is directed to compute the long-term capital gain after allowing the exemption u/s.54F of the Act considering the investment of Rs.82,15,610/- made towards house property by the assessee.

43. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the court on 01st September, 2025 at Chennai.

Sd/-	Sd/-
(एसएसविश्वनेत्ररवि**)**	**(**एस**.**आर**.**रघुनाथा**)**
(S.S. VISWANETHRA RAVI)	**(S. R. RAGHUNATHA)**
न्यायिकसदस्य**/Judicial Member**	लेखासदस्य**/Accountant Member**

चेन्नई/Chennai,
दिनांक/Dated, the 01st September, 2025
jk
आदेशकीप्रतिलिपिअग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3.आयकर आयुक्त/CIT– Chennai/Coimbatore/Madurai/Salem
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF