

**IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH**

**BEFORE SHRI INTURI RAMA RAO, AM
AND SHRI SONJOY SARMA, JM**

**ITA No. 312/Coch/2025
Assessment Year: 2014-15**

Mooladeth Fathima Noor Appellant
Noor Mahal, Devagiri, Medical College
Calicut 673008
[PAN: ABZPF8525H]

vs.

The Income Tax Officer, WD-1(3), Calicut Respondent

Appellant by: ----- None -----
Respondent by: Smt. Leena Lal, Sr. D.R.

Date of Hearing: 05.06.2025
Date of Pronouncement: 31.07.2025

ORDER

Per: Inturi Rama Rao, AM

This appeal filed by the assessee is directed against the order of the National Faceless Appeal Centre, Delhi [CIT(A)] dated 28.02.2025 for Assessment Year (AY) 2014-15.

2. Brief facts of the case are that the appellant is an individual. The return of income for AY 2014-15 was filed on 18.03.2016 declaring total income of Rs. 25,36,570/-. Against the said return of income, the assessment was completed by the Income Tax Officer, Ward 1(3), Calicut (hereinafter called "the AO") vide order dated

26.12.2016 passed u/s. 143(3) of the Income Tax Act, 1961 (the Act) at total income of Rs. 72,26,765/-. While doing so, the AO restricted the exemption u/s. 54 of the Act to Rs. 34,98,498/- by denying claim of deduction u/s. 54 of the Act. The appellant entered into a joint venture agreement for development of property jointly owned by the appellant along with 4 others for a total consideration of Rs. 5,02,47,000/-. The appellant's share of consideration was Rs. 1,09,65,600/-. The appellant offered long term capital gains of Rs. 25,36,566/- after claiming deduction u/s. 54 and 54F of the Act. The AO considered the residential house and appurtenant land as eligible u/s. 54 and rest of the portion is considered as vacant land. The gains arising on sale of said vacant land was exempted u/s. 54 of the Act. However, the AO denied exemption u/s. 54F treating the entire property sold as residential house.

3. Being aggrieved, an appeal was filed before the CIT(A), who vide the impugned order confirmed the action of the AO.

4. Being aggrieved, the appellant is in appeal before this Tribunal in the present appeal.

5. When the appeal was called on nobody appeared on behalf of the assessee despite due service of notice of hearing. Therefore, we proceeded to dispose of the appeal after hearing the learned Sr. DR, who supporting the order of the learned CIT(A) submitted that no interference is called for.

6. The issue that arises for our consideration is whether or not the appellant is entitled for exemption u/s. 54 of the Act. The appellant dividend the property sold into residential house and land. In respect of residential house the appellant claimed deduction u/s. 54, which was allowed by the AO himself. However, in respect of deduction u/s. 54F the same was denied by the AO by holding that the appellant had not complied with the conditions of investment in the residential property within the period of 3 years and also holding that the property sold was only residential house. The findings of the AO was were based on material on record and the learned CIT(A) rightly confirmed the disallowance of claim for deduction u/s. 54F of the Act. We do not find any merit in the appeal filed by the assessee.

7. In the result, the appeal filed by the assessee stands dismissed.

Order pronounced in the open court on 31st July, 2025.

Sd/-
(SONJOY SARMA)
JUDICIAL MEMBER

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Cochin, Dated: 31st July, 2025

n.p.

Copy to:

1. The Appellant
2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
5. Guard File

By Order

Assistant Registrar
ITAT, Cochin