

**आयकर अपीलीय अधिकरण, विशाखापटणम पीठ, विशाखापटणम**

**IN THE INCOME TAX APPELLATE TRIBUNAL  
VISA KHAPATNAM "DIVISION" BENCH, VISA KHAPATNAM**

**(HYBRID HEARING)**

**श्री रवीश सूद , न्यायिक सदस्य एवं श्री एस बालाकृष्णन, लेखा सदस्य के समक्ष  
BEFORE SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER**

**&**

**SHRI S BALAKRISHNAN, HON'BLE ACCOUNTANT MEMBER**

**आयकर अपीलसं./I.T.A.No.564/VIZ/2025  
(निर्धारणवर्ष/ Assessment Year:2016-17)**

<b>SVVSN Chikkala Sesharao</b> #2-256/5, Atchempeta Samalkot Mandal APSP Post, Kakinada-533005 Andhra Pradesh  <b>[PAN: BKPPS1640Q]</b>	<b>Vs.</b>	<b>Income Tax Officer</b> <b>Ward-3</b> Income Tax Office Deepthi towers Main Road Kakinada – 533001 Andhra Pradesh
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करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Shri GVN Hari, Advocate
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Dr. Aparna Villuri, Sr.AR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	20.11.2025
घोषणा की तारीख/Date of Pronouncement	:	05.12.2025

**आदेश /O R D E R**

**PER SHRI S. BALAKRISHNAN, ACCOUNTANT MEMBER:**

1. This appeal is filed by the assessee against the order of Learned Commissioner of Income Tax (Appeals) / ADDL/JCIT(A)-10, Mumbai [in short "Ld. CIT(A)"] vide DIN & Order No. ITBA/APL/S/250/2025-

26/1078398589(1) dated 11.07.2025 for the A.Y. 2016-17 arising out of order passed under section 154 of Income Tax Act, 1961 (in short 'Act') dated 16.05.2019.

2. Brief facts of the case are that, assessee being an individual filed the return of income on 05.08.2016 admitting a total income of Rs.63,58,950/- for the A.Y.2016-17. Assessee included a sum of Rs.62,97,975/- towards Long-Term Capital Gain on the compensation received on compulsory acquisition of the land. Subsequently, CBDT vide Circular No. 36/2016 dated 25.10.2016 clarified that the compensation received for compulsory acquisition of the land under section 96 of "Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation Resettlement Act, 2013 (in short "RECTLARR Act, 2013") is exempted from Income Tax. Assessee, thereafter, filed an application for rectification of intimation, under section 154 of the Act before the Centralized Processing Centre, Bangalore (in short "CPC") on 18.04.2017. The CPC, Bangalore, observed that there is no mistake apparent on record and hence rejected the petition filed under section 154 of the Act.

3. On being aggrieved by the order of the CPC, Bangalore, the assessee filed an appeal before the Ld. CIT(A). Ld. CIT(A) observed that assessee had sufficient time to file revised return of income but has failed to file the revised return of income claiming the exemption as prescribed in CBDT Circular No. 36/2016 dated 25.10.2016 and therefore dismissed the appeal of the assessee.

4. On being aggrieved by the order of the Ld. CIT(A), assessee is in appeal before us by raising following grounds of appeal: -

*“1. The order of Learned Commissioner of Income Tax (Appeals) is contrary to the facts and also the law applicable to the facts of the case.*

*2. The learned Addl./JCIT(Appeals) is not justified in upholding the action of the CPC in not rectifying the intimation issued u/s 143(1).*

*3. The learned Addl./JCIT(Appeals) ought to have held that intimation u/s 143(1) is erroneous in as much as the amount of compensation received under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation Resettlement Act, 2013. (RFCTLARR Act, 2013) was erroneously included in the total income while the said amount is actually exempt from tax.*

*4. Any other grounds may be urged at the time of hearing.”*

5. The only issue contested by the assessee is denial of allowing exemption consequent to the CBDT Circular No. 36/2016 dated 25.10.2016. Ld. Authorised Representative [hereinafter “Ld.AR”] submitted that the CBDT circular clarified that income received as compensation on compulsory acquisition of the land is exempted from Income tax. He further submitted that the assessee filed return of income on 05.08.2016 which was processed under section 143(1) of the Act on 13.10.2016. However, the circular was issued on 25.10.2016 clarifying the exemption allowed to the compensation received on compulsory acquisition of the land under section 96 of the RECTLARR Act, 2013. He submitted that the assessee thereafter filed the rectification petition before the CPC, Bangalore claiming the exemption as per CBDT Circular (supra) which was denied by the CPC, Bangalore. Ld.AR further submitted that

assessee has not filed revised return of income under the bonafide belief that the return will be rectified under section 154 of the Act. He therefore pleaded that exemption claimed by the assessee through rectification petition be allowed.

6. Per contra, Ld. Departmental Representative [hereinafter in short “Ld.DR”] relied on the orders of the Revenue Authorities.

7. We have heard both the sides and perused the material available on record. It is an admitted fact that the assessee has filed has return of income on 05.08.2016 admitting capital gains arising out of the compensation received on compulsory acquisition of the land. However, subsequently, the CBDT vide Circular No. 36/2016 dated 25.10.2016 clarified that the compensation received for compulsory acquisition of the land under section 96 of RECTLARR Act, 2013 is exempted from Income tax. Thereafter, assessee claimed the exemption as per the CBDT Circular (supra) by way of filing a rectification petition under section 154 of the Act. The CPC, Bangalore has rightly rejected the rectification petition as there is no mistake apparent on record in the Return of income filed by the assessee, which can be rectified under section 154 of the Act. However, it is a trite law that assessee could not be taxed on the exempt income consequent to the clarification issued by the CBDT. In these circumstances, we direct the Ld. CIT(A) to examine the compensation claimed to have received by the assessee from the compulsory acquisition of the land under the RECTLARR Act, 2013 and thereafter allow the same in accordance

with law. Thus, grounds raised by the assessee is allowed for statistical purposes.

8. In the result, appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open court on 05<sup>th</sup> December, 2025.

**Sd/-**  
**(रवीश सूद)**  
**(RAVISH SOOD)**  
**न्यायिक सदस्य/JUDICIAL MEMBER**

Dated: 05.12.2025  
Giridhar, Sr.PS

**Sd/-**  
**(एस बालाकृष्णन)**  
**(S. BALAKRISHNAN)**  
**लेखा सदस्य/ACCOUNTANT MEMBER**

आदेशकीप्रतिलिपिअग्रेषित/ Copy of the order forwarded to:-

1. निर्धारिती/ The Assessee : **SVVSN Chikkala Sesharao**  
#2-256/5, Atchempeta  
Samalkot Mandal  
APSP Post, Kakinada-533005  
Andhra Pradesh
2. राजस्व/ The Revenue : **Income Tax Officer**  
**Ward-3**  
Income Tax Office  
Deepthi towers, Main Road  
Kakinada – 533001  
Andhra Pradesh
3. The Principal Commissioner of Income Tax
4. विभागीयप्रतिनिधि, आयकरअपीलीयअधिकरण, विशाखापटणम /DR,ITAT, Visakhapatnam
5. The Commissioner of Income Tax
6. गार्डफ़ाईल / Guard file

आदेशानुसार / BY ORDER

Sr. Private Secretary  
ITAT, Visakhapatnam