

**THE INCOME TAX APPELLATE TRIBUNAL
DELHI “E” BENCH: NEW DELHI**

**BEFORE SHRI SUDHIR KUMAR, JUDICIAL MEMBER &
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

ITA No.1004/Del/2025
[Assessment Year: 2022-23]

Gaurav Dye House, Plot No. 307, Dyeing Zone, Sector-29, Part-11, HUDA. Panipat, Haryana-132103 PAN- AAJFG3707F	vs	Income Tax Officer, Ward – 1, Income Tax Office, Panipat, Haryana
APPELLANT		RESPONDENT
Assessee by		Mr. Pramod Jain, CA and Mr. Mukul Gupta, Adv.
Revenue by		Ms. Ankush Kalra, SR. DR
Date of Hearing		03.11.2025
Date of Pronouncement		07.01.2026

ORDER

PER MANISH AGARWAL, AM:

The captioned appeal is filed by the assessee against the order of Ld. Commissioner of Income Tax (A), National Faceless Appeal Centre (“NFAC”), Delhi [“Ld. CIT(A)”] dated 02.01.2025 in Appeal No. NFAC/2021-22/10335672 passed u/s 250 of the Income Tax Act, 1961 [“the Act”] arising out of the assessment order passed u/s 143(3) r.w.s. 144B of the Act dated 25.03.2024 for Assessment Year 2022-23.

2. Brief facts of the case are that assessee is a partnership firm and filed its return of income u/s 139(1) of the Act on 29.12.2022 declaring total income of Rs.42,67,590/-. During the year under

appeal, assessee has not carried out any business activity and has had Income from house property and Long Term Capital Gain and total income declared by assessee was comprising of Income from house property of Rs. 8,40,000/- and Income from Capital Gains of Rs. 34,27,593/-. The case was selected under CASS for the reason, “Low Long Term Capital Gain and high improvement cost” by way of issue of notice u/s 143(2) on 02.06.2023 followed by notices u/s 142(1) and final show cause notice and after considering the submission made by assessee, assessment order was passed at a total income of Rs. 1,38,33,845/- by making addition of Rs. 95,66,255/- on account of Long Term Capital Gains (LTCG) from sale of property.

3. Against the said order, assessee preferred an appeal before Ld. CIT(A), who dismissed the appeal of the assessee.

4. Aggrieved by the said order, assessee is in appeal before the Tribunal by taking following grounds of appeal:-

1. *The order passed by ld. AO(CPC) and CIT(A) is bad in law and against the facts of the case.*
2. *That the Ld. CIT(A) erred in sustaining the addition made by the Ld. AO amounting Rs. 95,66,255/- on account of Long Term Capital Gain on sale of property.*
3. *That the Ld. CIT(A) and Ld. AO erred in not allowing the deduction of enhanced cost paid for a sum of Rs. 14,10,000/- (indexed value 16,43,272/-) while calculating LTCG.*
4. *That the Ld. CIT(A) erred in confirming the addition made by the Ld. AO without considering the fact that the appellant had already considered the LTCG of Rs. 34,27,593/- in its returned income.*

5. *That the Ld. CIT(A) and Ld. AO erred in not allowing the indexation of stamp duty and registration fees paid of Rs. 6,56,600/- while calculating LTCG.*
6. *That the appellant carves leave to add, alter, modify or delete any of the ground of appeal.*

5. All the grounds of appeal taken by the assessee are in relation to the addition of Rs. 95,66,255/- made by the AO towards LTCG on the sale of immovable property, thus they are taken together for consideration.

6. Heard both the parties and perused the material available on record. Contention of the assessee is that the AO has not allowed the cost of acquisition and indexation thereof as claimed in the computation of income though he has accepted the same in the show cause notice issued before passing of the assessment order. Assessee further claimed that AO has made the addition towards LTCG though assessee has already declared Rs. 34, 27,593/- in the return of income filed thus to this extent it is double addition.

7. After considering the facts, we find that the AO has failed to appreciate the fact that assessee has incurred cost for acquisition of capital assets sold during the previous year and the payments made on various dates are duly appearing in the registered sale deed available at pages 8-15 of paper book filed by the assessee. The assessee in the computation of income filed, available at pages 4-7 of paper book, claimed the indexation of these payments from the date of payment however, the AO has not allowed the indexation yearwise i.e. from the year when actual payment was made but had allowed indexation from the date of registration without any basis. It is also

seen that payment of Rs. 14.10 lacs to HUDA though were acknowledged in the show cause notice dt. 13.03.2024, available at pages 24-29 of paper book however, the same was not allowed in assessment order without assigning any reason. Further AO has not allowed indexation of total registration costs incurred by the assessee with any basis. Besides this, surprisingly, both the lower authorities have failed to appreciate the fact that assessee has already declared LTCG from the sale of subject property at Rs. 34,27,593/- in the return of income field and has been taken in the final computation of income however, despite repeated submissions, credit of the LTCG already declared by the assessee was not given out of the LTCG computed by the AO for making the addition. This approach of the lower authorities deserves to be taken care of by the superior authorities.

8. From the above discussion, we are of the considered view that LTCG computed by the assessee deserves to be accepted. However, it is seen that while computing the indexed cost of acquisition, assessee has claimed cost of land of 6.00 lacs without any supporting document. Moreover, the subject land was purchased by assessee in terms of sale deed executed on 17.12.2014 for a total purchase consideration of Rs. 92,95,000/- thus separate claim of cost of land is not allowable. Regarding the remaining cost of acquisition, AO is directed to allow the same with the benefit of indexation from the actual date of payments after making verification of each individual payment. With these directions all the grounds of appeal taken by the assessee allowed for statistical purposes.

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

Order pronounced in the open Court on 07.01.2026.

Sd/-

(SUDHIR KUMAR)
JUDICIAL MEMBER

Dated:- 07.01.2026

PK, Sr. P.S

Sd/-

(MANISH AGARWAL)
ACCOUNTANT MEMBER

Copy forwarded to:

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2. Respondent
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ITAT, NEW DELHI