



आयकर अपीलीय अधिकरण, राजकोट न्यायपीठ, राजकोट।

**IN THE INCOME TAX APPELLATE TRIBUNAL, "SMC"**

**RAJKOT BENCH, RAJKOT**

**BEFORE DR. ARJUN LAL SAINI, ACCOUNTANT MEMBER**

आयकरअपीलसं./ITA No. 892/RJT/2025

निर्धारणवर्ष/Assessment Year: (2015-16)

Kishor K. Kasta R. K. Jetty, Plot Vistar, Okha Porbandar (Guj) – 361350	Vs.	ITO Ward-2(4), Porbandar - 361350
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: <b>AWBPK9704A</b>		
<b>(Assessee)</b>		<b>(Respondent)</b>

Assessee by : Shri Dushyant Maharshi, Ld. AR

Respondent by : Shri Gopi Nath Chaubey Ld. Sr. DR

**Date of Hearing : 24/12/2025**

**Date of Pronouncement : 16/01/2026**

### आदेश / ORDER

**Per, Dr. Arjun Lal Saini, AM ;**

Captioned appeal filed by the assessee, pertaining to Assessment Year 2015-16, is directed against the order passed under section 250 of the Income Tax Act, 1961 (hereinafter referred to as "the Act") by National Faceless Appeal Centre (NFAC), Delhi/Commissioner of Income-tax (Appeals), dated 31/07/2025, which in turn arises out of an order passed by the Assessing Officer dated 27/03/2022, u/s 147 r.w.s 144 of the Income Tax Act, 1961.

2. Grounds of appeal raised by the assessee are as follows:

*1. Ld. AO as well as CIT(Appeals) has erred in not considering the bills and ledgers for deduction of cost of improvement produced by the assessee during the appellate stage and taking view that the assessee has failed to produce bank account statement that corroborate these bills and ledger accounts particularly when the payment was made in cash.*



*2. Ld. AO as well as CIT(Appeals) has erred in not providing deduction of expenditure for improvement of property without any fact finding or further verification and disallowed the expenses only on the basis of surmises and conjectures.*

3. Succinctly, the factual panorama of the case is that assessee before me is an Individual and filed the original return of income for the assessment year (A.Y.) 2015-16, on 17-10-2015, declaring income of Rs. 3,16,120/-, under the head business and income from other sources. It was observed by the assessing officer from the information available on record that the assessee has sold an immovable property for a consideration of Rs. 9,50,000/- on 04-04-2014. The market value of the said property, as per stamp duty of the property is Rs. 17,92,000/-. Hence the provisions of section 50C of the Act will be applicable in the assessee's case, under consideration. The assessee has not declared any income under the head capital gains in the return filed on 17-10-2015. Since, there is escapement of income, therefore notice u/s 148 of the Act has been issued to the assessee on 31-03-2021. In response to the notice, assessee could not file satisfactory reply, therefore, assessing officer held the assessee transferred property for the consideration less than the jantri value/market value or the value adopted/assessed by the Stamp Duty Authority, therefore, assessing officer made addition in the hands of the assessee to the tune of Rs.17,92,000/-.

4. Aggrieved by the order of the assessing officer, the assessee carried the matter in appeal before the Ld.CIT(A), who has confirmed the addition made by the assessing officer. Before learned CIT(A), the assessee submitted that he is entitled for indexed cost of improvement, which has not been provided to the assessee. That is, assessee has contested that the Assessing Officer has not taken into account the cost of improvement made by the assessee to the immovable property. However, ld.CIT(A) during the appellate stage, observed that the assessee has not produced sufficient evidences, pertaining to the same cost of



improvement. However, learned CIT(A), after considering, the submissions of the assessee, reduced the addition from Rs. 17,92,000/- to Rs.8,45,360/-. Aggrieved by the part addition of Rs. 8,45,360/-, sustained by Ld.CIT(A), the assessee is in further appeal before this Tribunal.

5. Shri Dushyant Maharshi, Learned Counsel for the assessee, vehemently argued that the total addition was made by the assessing officer to the tune of Rs.17,92,000/-. On appeal filed by the assessee, the Ld.CIT(A) reduced the addition to the extent of Rs.8,45,360/-. The Ld. Counsel submitted that assessee is in appeal before this Tribunal because of the reason that the Ld.CIT(A) has not considered the cost of improvement of Rs.5,00,000/-. The assessee has submitted each and every documents related to cost improvement of Rs.5,00,000/-, therefore benefit of cost improvement should be provided to the assessee.

6. On the other hand, the Ld. DR for the revenue relied on the findings of the ld.CIT(A).

7. I have heard both the parties and carefully gone through the submission put forth on behalf of the assessee along with the documents furnished and the case laws relied upon, and perused the fact of the case including the findings of the ld CIT(A) and other materials brought on record. I note that the total addition was made by the assessing officer is to the tune of Rs.17,92,000/-, on appeal by the assessee, the Ld.CIT(A) reduced the addition made by the assessing officer to Rs.8,45,360/- from Rs.17,92,000/-. The ld Counsel for the assessee submitted documents and evidences relating the cost of improvement to the tune of Rs.5,00,000/-, before the Bench. Considering the genuineness of the documents and evidences, I note that the cost of improvement to the extent of Rs.5,00,000/- should be provided to the assessee. Therefore, I direct the assessing officer to



reduce the addition of Rs.8,45,360/- by Rs.5,00,000/-, by providing the benefit of index cost of improvement. In other words, the benefit of index cost of improvement of Rs.5,00,000/- should be provided to the assessee. Therefore, I direct the assessing officer to make the addition in the hands of the assessee to the tune of Rs. 3,45,360/- (Rs.8,45,360 - Rs.5,00,000) by applying the normal rate of income tax.

8. In the result, the appeal filed by the assessee is partly allowed, in above terms.

**Order pronounced in the open court on 16 /01/ 2026.**

**Sd/-  
(Dr. Arjun Lal Saini)  
Accountant Member**

Rajkot

//True Copy//

दिनांक/ Date: 16/01/2026

**Copy of the Order forwarded to**

1. The Assessee
2. The Respondent
3. The CIT(A)
4. Pr. CIT
5. DR/AR, ITAT, Rajkot
6. Guard File

By Order

Assistant Registrar/Sr. PS/PS  
ITAT, Rajkot