

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCHES 'A': NEW DELHI.**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER  
and  
SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER**

**ITA No.29/Del/2025  
(Assessment Year: 2017-18)**

ACIT, Circle 28 (1),  
Delhi.

vs.

Metropol Corporation India,  
262, Okhla Industrial Estate, Phase III,  
New Delhi – 110 020.

**(PAN : AAHFM1985H)**

(APPELLANT)

(RESPONDENT)

ASSESSEE BY : None

REVENUE BY : Shri Ajay Kumar Arora, Sr. DR

Date of Hearing : 11.11.2025

Date of Order : 23.01.2026

**ORDER**

**PER S. RIFAUR RAHMAN, ACCOUNTANT MEMBER :**

1. The Revenue has filed appeal against the order of the Learned Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi ["Ld. CIT (A)", for short] dated 18.11.2024 for the Assessment Year 2017-18.
2. None appeared on behalf of the assessee. We proceeded to adjudicate the issue with the assistance of ld. DR of the Revenue.

3. Brief facts of the case are, assessee filed its return of income for AY 2017-18 on 26.02.20218 declaring an income of Rs.24,17,29,385/-. The same was processed under section 143(1) of the Income-tax Act, 1961 (for short 'the Act'). The case was selected for scrutiny through CPC Guidelines. Notices u/s 143(1) and 142(1) were issued and served on the assessee. During assessment proceedings, the Assessing Officer observed that assessee has declared sale consideration of Rs.73.50 crores of the property situated at Okhla Industrial Estate, Phase II, New Delhi. He observed that assessee has claimed index cost of improvement, indexed cost of conversion and transfer expenses. The Assessing Officer observed that conversion charges of Rs.20,78,502/- is revenue in nature and the same cannot be treated as part of the cost of acquisition. Further he submitted that deduction of Rs.84,52,500/- with regard to transfer expenses, the assessee was asked to produce all relevant documents/papers in support of the above claim but assessee failed to submit the documentary evidences. Further he observed that assessee has claimed indexed cost of improvement to the extent of Rs.2,68,45,707/-. The assessee was also show caused to explain and produce the relevant documents and papers. However, assessee failed to produce any documentary evidences. Accordingly, all the three expenses claimed by

the assessee in computation of capital gain was rejected by the Assessing Officer and added to the income of the assessee.

4. Aggrieved with the above order, assessee preferred an appeal before the NFAC, Delhi and raised grounds of appeal as well as filed detailed submissions. Before Id. CIT (A), it was submitted that assessee has submitted all the details through ITBA portal but the Assessing Officer has not considered the same and unilaterally decided the issue against the assessee. The assessee has submitted all the information which was already submitted before the Assessing Officer during the appellate proceedings. After considering the detailed submissions of the assessee, Id. CIT (A) issued letter dated 27.09.2024 along with DIN number to the assessee to submit the documentary evidences where the conversion charges paid to DSIIDC were added to the Profit & Loss account as expenses, if no, submit proof to that extent. Further confirmation and TDS deducted in case of brokerage charges paid to the broker. With respect to cost of construction, assessee was asked to submit relevant evidences. In response, assessee vide letter dated 03.10.2024 submitted as under :-

“In connection to Appeal CIT (A), Delhi-10/10705/2019-20, providing the documents as required by your Honour.

1. Financial statement for F.Y.2015-16 & 2016-17 which shows that Conversion charges has not been debited to P&L a/c.

2. Bank statement from where amount has been paid for conversion charges along with letter.
3. Bank statement showing amount paid for Commission and TDS deducted and paid.

The cost of construction justifying the circle rate was exactly the same when the area renovated or enhanced during the period 1/4/1981 to sale year i.e. A.Y. 2017-18 amounted to Rs.2,68,45,707/- clinches the issue that the appellant deserved to be allowed the indexation of cost of construction when the land cost has been done in accordance with the computation of capital gain provisions.

We pray that our above submission may kindly be brought on record and if need be for further clarification, may kindly be made known to us."

5. After processing the details submitted by the assessee, ld. CIT (A) observed that assessee has converted the leasehold land to freehold land and the conversion charges are necessary for converting the above said property and the assessee has filed the relevant proof. However, he observed that Assessing Officer has taken a contradictory view by disallowing the same. Therefore, he held that the conversion charges are appeared to be valid and accordingly, the disallowance made by the Assessing Officer is deleted. With regard to transfer expenses, he observed that assessee has produced the proof of payment made to the broker along with TDS deducted. Considering the above documents filed before him, he deleted the addition. With regard to indexed cost of

construction, he relied on the submissions of the assessee during appellate proceedings, for the sake of brevity, which is reproduced below :-

“The cost of construction justifying the circle rate was exactly the same when the area renovated or enhanced during the period 11411981 to sale year i.e. A. Y. 2017-18 amounted to Rs.2,68,45,707/- clinches the issue that the appellant deserved to be allowed the indexation of cost of construction when the land cost has been done in accordance with the computation of capital gain provisions.

The difference rather leans in favour of the appellant when the value so derived, if not allowed in computing the capital gains, would indicate that the super structure was not transferred not being there when the sale deed clearly indicates otherwise. The Ld. AO cannot pick and choose values from the same document relied upon by it which allows the assessee to claim proper Capital gains in accordance with law.”

6. Relying on the above submissions, ld. CIT (A) deleted the additions made by the Assessing Officer by observing that cost of construction coupled with the fact that super-construction on the said property did exist as per the sale deed and cost of construction claimed by the assessee is justified the circle rate during the period of renovation.
7. Aggrieved with the above order, Revenue is in appeal before us raising following grounds of appeal :-

“(i) The Ld. CIT(A) has erred in deleting the addition of Rs.20,78,502/- on account of disallowance of indexed conversion charges despite the fact that conversion charges of Rs.20,18,502/- are revenue in nature and the same cannot be treated as part of cost of acquisition.

(ii) The Ld. CIT (A) has erred in deleting the addition of Rs.84.52,500/- on account of disallowance of transfer expenses in

capital gain computation despite the fact that the assessee was show caused vide notice dated 25.11.2019 and asked to produce all relevant papers/documents evidence in support of his claim but the assessee did not file documentary evidence in support of its claim.

(iii) The Ld. CIT (A) has erred in deleting the addition of Rs.2,68,45,707/- on account of disallowance of indexed cost of improvement in capital gain computation, as the assessee after having been given show cause, didn't file any documentary evidence in support of its claim.

(iv) Whether on the facts and circumstance of the case, the Ld. CIT(A) erred in allowing the appeal of the assessee without asking for a remand report from the Assessing Officer, since the AO has clearly noted the absence of supporting evidence before him.

(v) Whether on the facts and circumstances of the case, the Ld CIT(A) was justified in deleting the additions on the ground only on assumption basis and not on the basis of merits of the case.

8. After considering the submissions of ld. DR, we observed that the grievance of the Revenue are that the assessee has not submitted the details during assessment proceedings and ld. CIT (A) has allowed the appeal of the assessee without calling for remand report. After considering the material available on record, we observed that assessee has sold the property along with super-structure and further assessee has incurred certain expenditure towards cost of conversion which is necessary to convert the property from leasehold land to freehold land. The assessee had paid the charges to DSIIDC and the relevant proof was submitted before the ld. CIT (A). This being a factual matter which ld. CIT (A) has appreciated the same and deleted the addition. This does not

require separate remand to the Assessing Officer. Accordingly, ground no.1, 4 & 5 raised by the Revenue are dismissed.

9. With regard to transfer expenses, the assessee has incurred the same for making brokerage expense. The assessee has submitted the details of payment and also filed the details of relevant TDS before the Id. CIT (A). Even this is a factual matter which was submitted before the Id. CIT (A) and Id. CIT (A) has appreciated the relevant facts on record and deleted the addition. There is no requirement for Id. CIT (A) to call for a separate remand on this issue. Accordingly, ground no.2 raised by the Revenue is dismissed.
10. With regard to index cost of construction/improvement, it is brought to our notice that the assessee has renovated or enhanced the building prior to 01.04.1981 and the assessee has claimed Rs.2,68,45,707/- as cost of improvement. It was submitted before the Id. CIT (A) that the circle rate was exactly the same when the area was renovated or enhanced during 01.04.1981 and the same property was sold in the impugned assessment year 2017-18. The Id. CIT (A) has allowed the submission of the assessee without clearly bringing on record what is the cost of construction and cost of improvement/renovated by the assessee during 01.04.1981. Since there is no clarity on deletion of this claim made by the assessee, we are inclined to remit this issue back to the file of

Assessing Officer to verify the claim of the assessee with the relevant documents which were already submitted before the Id. CIT (A) and the assessee is also given liberty to file any other additional evidences before the Assessing Officer. Therefore, we are inclined to remit this ground back to the file of Assessing Officer with a direction to verify the above claim of the assessee after giving proper opportunity of being heard. Accordingly, ground no.3 raised by the Revenue is allowed for statistical purposes.

11. In the result, the appeal of the Revenue is partly allowed as indicated above.

**Order pronounced in the open court on this 23<sup>rd</sup> day of January, 2026.**

sd/-  
**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

sd/-  
**(S.RIFAUR RAHMAN)**  
**ACCOUNTANT MEMBER**

**Dated: 23.01.2026/TS**

Copy forwarded to:

1. Appellant
2. Assessee
3. CIT
4. CIT(Appeals).
5. DR: ITAT

ASSISTANT REGISTRAR  
ITAT, NEW DELHI