



आयकर अपीलिय अधिकरण "बी" न्यायपीठ पुणे में ।  
IN THE INCOME TAX APPELLATE TRIBUNAL "B" BENCH,  
PUNE

BEFORE Dr. MANISH BORAD, ACCOUNTANT MEMBER  
AND  
MS. ASTHA CHANDRA, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.1678/PUN/2024  
निर्धारण वर्ष / Assessment Year: 2014-15

Ranajit Suresh Rajamane, Shukrawar Peth, Tembhurni Madha Solapur- 413211 Maharashtra  PAN-BMEPR3878N Appellant	Vs	ITO Ward 1, Pandharpur  Respondent
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Assessee by	:	Smt. Deepa Khare
Revenue by	:	Shri Aviyogi Ambadkar, Addl.CIT
Date of hearing	:	13.01.2026
Date of pronouncement	:	27.01.2026

**आदेश/ORDER**

**PER DR.MANISH BORAD, ACCOUNTANT MEMBER :**

This appeal at the instance of the assessee is directed against the order of Ld. CIT(A) NFAC, Delhi dated 26.06.2024 framed u/s 250 of the Income Tax Act, 1961 for A.Y. 2014-15 which is arising out of order passed u/s 147 r.w.s 144 of the Act dated 21.12.2018.

2. Assessee has raised following grounds of appeal:-

(i) The Id CIT(A) erred in law and on facts in confirming addition of Rs 1,14.25,000/- u/s 69A as unexplained money in respect of 50% of sale consideration on sale of property.

*(ii)The Id CIT(A) erred in law and on facts in not appreciating that the sale consideration was received on sale of land and the income therefrom is assessable as capital gains and the same cannot be treated as unexplained money u/s 69A.*

*(iii)The Id CIT(A) erred in law and on facts in confirming disallowance of exemption u/s 54B in respect of investment in agricultural land and all the conditions have been complied with*

*(iv) The Id CIT(A) erred in law and on facts in not appreciating that the appellant had made substantial payments towards consideration for purchase of the new agricultural land and possession was obtained in prescribed time thereby proving the effective dominion over the property.*

*(v) The Id CIT(A) erred in law and on facts in not appreciating that merely because conveyance deed could not be executed for the reasons beyond the control of the appellant could not be reason to hold that the purchase was not complete.*

*(vi) The appellant craves leave to add, alter, modify or substitute any ground of appeal at the time of hearing.*

3. Brief facts of the case are that the assessee is an individual and based on the information about purchase and sale of property by the assessee received by the Ld. Assessing Officer (AO), notice u/s 148 of the Act validly issued and served upon the assessee followed by serving other statutory notices. The assessee did not furnish any return in compliance to notice furnished u/s 148 of the Act. Ld. AO based on the details available on records observed that the assessee has sold land claimed to be agricultural land for a consideration of Rs. 2,28,50,000/- Assessee being 50% owner is entitled to the sale consideration of Rs. 1,14,25,000/- During the course of proceedings assessee submitted that the said sale consideration has been invested for purpose of another agricultural land and that the assessee is entitled for deduction u/s 54B of the Act. It was also demonstrated that the sale consideration money has been paid for purchasing another agricultural land within the prescribed time limit provided u/s 54B of the Act. However as the purchase deed was not registered in the name of assessee within prescribed time limit u/s 54B of the Act, Ld. AO denied the claim made u/s 54B and made addition u/s 69A of the Act at Rs.

1,14,25,000/- Aggrieved assessee preferred appeal before Ld. CIT(A) and he also dismissed the assessee's appeal observing as below:-

*5.6.3 On perusal of the above, for claiming benefits provided under section 54B of the Act (title/possession of the immovable property must pass to the transferee. Coming back to the facts of the instant case, it is seen that section 54B(1) requires purchasing of new agricultural land within the period of two years from the date of sale of earlier agricultural land. The original agricultural land in this case was sold on 26.03.2014. New agricultural land was purchased on 01.10.2021, which is beyond the given period of two years from the date of transfer. In view of the above facts, circumstances and in the light of Apex Court decision (supra), I am of the considered opinion that in the case of immovable property, mere delivery of possession is not enough and title to such immovable assets cannot pass to the transferee until the sale deed is executed and registered. Therefore, the amount of capital gains was not utilized within the stipulated period of two years, and accordingly, the exemption u/s.54 cannot be granted because the substantial requirement of purchasing new property was not satisfied.*

*5.6.4 Also, Section 54B(1) of the Act is subject to the provisions of section (2) which, in turn, provides that: "The amount of the capital gain which is not utilised by the assessee for the purchase of the new asset before the date of furnishing the return of income under section 139, shall be deposited by him before furnishing such return (such deposit being made in any case not later than the due date applicable in the case of the assessee for furnishing the return of income under sub-section (1) of section 129) in an account in any such bank.... for the purchase of the new asset together with the amount so deposited shall be deemed to be the cost of the new asset. On going through the interplay between sub-sections (1) and (2) of section 54B of the Act. it becomes evident that exemption u/s.54B(1) is subject to the assessee depositing the amount of unutilized capital gain in a designated bank account within the time provided u/s.139 of the Act. At this juncture, it is relevant to note that the appellant was a non-filer for the impugned AY 2014-15 and has not deposited the amount of unutilized capital gain in a designated bank account within the due date for filing the ITR for the impugned AY 2014-15*

*5.6.5 Viewed from any angle it is clear that the assessee has not complied with the conditions for availing exemption u/s 54B of the Act. In view of the above facts and circumstances, I'm of the considered opinion that the AO has rightly denied the exemption u/s 54B of the Act. Therefore, the addition made by the AD of Rs:1,14,25,000/- by treating 50% of sale consideration of Rs. 2,28,50,000/- as unexplained receipts/money u/s 69A of the Act is hereby confirmed. Accordingly, the grounds of appeal raised by the appellant are dismissed.*

4. Aggrieved assessee is now in appeal before this Tribunal. She vehemently argued referring to the paper book running into 144 pages and stated that the assessee has entered into the agreement for purchase of agricultural land from Shri Dipchand Kothari and the sale consideration received from

sale of land received on 26.03.2014 has been utilized for purchase of land from Dipchand Kothari and against the share of sale consideration of Rs. 1,14,25,000/-, the assessee has made payment of Rs. 1,27,64,010/- for purchase of new land within two years from the date of sale and therefore assessee is eligible for exemption/deduction u/s 54B of the Act. She further submitted that due to poor health of Dipchand Kothari who finally expired on 07.12.2014, the sale deed for purchase of land could not be registered and eventually after the family settlements the sale deed was registered on 01.10.2021. She further submitted that merely for delay in registration the duly valid claim u/s 54B of the Act should not have been denied. She placed reliance on following decisions:-

- 1) Anil Bishnoi Vs. ACIT-(2017) 86 taxman.com 217 Chandigarh.
- 2) Yogesh Jhingan Vs. DCIT (2022) 135 taxman.com 291
- 3) Balraj Vs. CIT (2002) 123 taxman.com 290 (Delhi)
- 4) Kishorbhai Harjibhai Patel Vs. ITO (2019) 107 taxman.com 295 (Gujarat)

5. On the other hand Ld. Departmental Representative (DR) vehemently argued supporting the orders of Ld. CIT(A)

6. We have heard rival contentions and perused the records placed before us. We observe that the assessee is the owner of 50% of an immovable property and the same was sold on 26.03.2014 for a consideration of Rs. 2,28,50,000/- Assessee's 50% share amounts to Rs. 1,14,25,000/- The land sold by the assessee is claimed to be Agricultural Urban Land which was used by the assessee for agricultural purpose for a period of atleast two years prior to date of transfer. The claim

of the assessee for the land sold is urban agricultural land is not in dispute before us. Admittedly the assessee has not furnished regular return of income for the year under consideration nor has he filed any response to any notice u/s 148 of the Act. However during the course of reassessment proceedings the assessee has claimed that he is eligible for deduction u/s 54B of the Act as he has utilized 50% share of the sale consideration from sale of urban agricultural land for purchase of another agricultural land within a period of two years from the date of sale of land. The assessee claim of having invested Rs. 1,27,64,010/- for the purchase of other agricultural land from land owner Mr. Dipchand Kothari is not in dispute. It is stated that the land was sold on 26.03.2014 and received a sale consideration of Rs. 1,14,25,000/- and that the assessee is required to utilize the amount within two years. The assessee in order to claim benefit u/s 54B of the Act has made the following payments for purchase of agricultural land:-

Date	Amount Rs.
29.10.2013	13,00,000/-
29.10.2013	13,00,000/-
26.09.2014	50,33,627/-
26.09.2014	37,54,907/-
Cash in advance	13,75,476/-
Total Rs.	1,27,64,010/-

7. In the above details the major payment has been made through Bank channel and the same stands verified through Bank statements placed at Paper Book page No. 30-45. There is no dispute at the end of revenue about the details of payment of Rs. 1,27,64,010/- paid by the assessee for

purchase of new land. The claim u/s 54B of the Act has been rejected by Ld. CIT(A) solely on the ground that the property has been registered in the name of assessee on 01.10.2021 which is beyond the period of two years from the date of transfer. It is cited before us that the land was agreed to be purchased from Mr. Dipchand Kothari to whom consideration was paid for purchase of land but unfortunately Mr. Dipchand Jalchand Kothari expired on 17.12.2014 due to which the purchase deed of new land could not be registered but thereafter the family members of Mr. Dipakchand Kothari including his wife Surekha Dipchand Kothari and her three sons has finally registered sale deed, signed the registered sale deed on 01.10.2021. Ld. Counsel for the assessee has demonstrated that the assessee has complied to the considerations of a valid transfer of immovable property u/s 2(47) of the income tax act and the purchase consideration has been passed on to the buyer and possession of land has been received. Under these given facts and circumstances we have gone through the decision referred by Ld. Counsel for the assessee and find that the decision given by coordinate Bench, Chandigarh in the case of Anil Bishnoi *supra* is squarely applicable and for sake of convenience the facts in the case of Anil Bishnoi *supra* and the finding of the coordinate Bench reads as under:-

*2. The sole issue raised by the assessee in this appeal is against the action of the lower authorities of denial of deduction u/s 54B of the Act in relation to the Investment in agricultural land. The brief facts of the case are that the assessee during the year under consideration sold land for a consideration of Rs. 1,29,00,000 and claimed deduction u/s 54B of the Income-tax Act, 1961 (in short 'the Act') claiming purchase of following agricultural lands:-*

*(i) Agricultural land at Kiratpur Rotwara, Tehail Phagi Jaipur of Rs. 28,84,500/- though a registered sale deed dated 6.5.2013*

*(ii) Agricultural land at Village Dudu, Tehsil Mojmabad, Jaipur for Rs. 1,00,00,000/- through an agreement to sell dated 10.4.2014*

The Assessing officer though allowed the deduction in respect of purchase of land at S.No. (i) above, however, he show caused the essence in respect of deduction claimed in respect of land as mentioned at S.No (ii) above, observing that for getting the claim of deduction it is necessary that the sale deed should be registered, whereas, in the case of purchase of land at Village Dudu allegedly for a sum of Rs. 1,00,00,000/- , it was by way of an agreement to sell and not through registered Deed. The assessee explained that the entire payment for purchase of the land was made through cheques and the possession was handed over to the assessee by the seller with all the rights to use the sand land or to sell it further. The name of the assessee had also been entered in Kashra Girdawari a document showing the possession and cultivation of the land. It was also explained that at the time of the execution of the agreement to sell, the assessee was not aware of the Stay Order to the sale of land issued by the ADM and hence due to the above legal obstruction, the sale deed could not be registered

3. The Ld. Assessing officer, however, rejected the above contention of the assessee and observed that the word used in section 54(1) of the Act is purchase and not the word transfer as defined u/s 2(47) of the Act. He observed that though as per the definition of word transfer' it is not necessary to get deed registered, however, in the case of purchase of immovable property, the same can be done through registered sale deed only

4. The assessee unsuccessfully contested the appeal before Ld. CIT(A)

5. Before us. Ld. Authorised Representative of the assesore has reiterated his submissions as were made before the lower authorities. He has further subenutted that the assessee was prevented by sufficient cause for not registering the deed of the purchase of property as the alienation of the same was stayed by the ADM and that the assessee was not aware of the said Stay Order at the time of entering into the transactions. He has further relied upon the following decisions and submitted that for the claim of deduction u/s 54 of the Act, the registration of sale deed is not necessary. It is enough if the assessee has paid the consideration, acquired the possession with full rights and has fulfilled other requirements of the provisions of the Act:-

1. Sanjeev Lal v. CIT [2014] 365 ITR 389/225 Taxman 239/46 taxmann.com 300 (SC)
2. CIT. T.N. Aravinda Reddy [1979] 120 ITR 46/2 Tasman 541 (SC)
3. CIT. K. Jelani Basha [2002] 256 ITR 282/122 Taxman 509 (Mad)
4. CIT v. Ram Gopal (2015) 372 ITR 498/230 Taxman 205/55 taxmann.com 536 (Delhi)
5. Balraj V C77 [2002] 254 ITR 22/123 Tasman 290 (Delhi)
6. CIT. R.1. Sood (2000) 245 ITR 727/108 Tasman 227 (Delhi)
7. CIT v. Dr. Laxmichand Narpal Nagda, [1995] 211 ITR 804/78 Taxman 219 (Bom.)
8. CIT v. Shahajada Begum [1988] 173 ITR 397/38 Taxman 311 (AP)
9. S. Dabir Singh, Jalandhar v. DIT [IT Appeal No. 27 (Asr.) of 2015]

6. On the other hand, Ld. DR had relied upon the findings of the lower authorities.

7. We have heard the rival contentions and have also gone through the record. Admittedly, the assessee paid the consideration through cheques and also obtained the possession of the property in question. The claim of deduction u/s 54 of the Act has been denied to the assessee on the ground that the said deed of purchase/ sale had not been registered with the competent authority.. The Hon'ble Supreme Court in the case of 'Sanjeev Lal' (supra) has discussed as to whether the agreement to sell can be considered to be an instrument of transfer of property. The Hon'ble Supreme Court observed that though in normal circumstances by executing an agreement to sell in respect of immovable property, a right in personam is created in favour of the transferee/ vendee and when such a right is created, the vendor is restrained to sell the said property to someone else because the transferee has got a legitimate right to enforce specific performance of said agreement to sell. In normal circumstances, it cannot be said that entire property have been sold at the time when agreement to sell is entered into. However, looking at the provisions of section 2(47) of the Income-tax Act, 1961, transfer in relation to the capital asset is complete if a right in a property is extinguished executing an agreement to sell, the capital asset can be deemed to have been transferred. The Hon'ble thus held that the transfer was complete on the execution of agreement to sell and that the by Supreme Court thus assessee was entitled to claim of deduction u/s 54 in respect of purchase of new residential house subsequent to such transfer through agreement to sell. In the case of 'TR Arvinda Reddy' (supra), the Hon'ble Supreme Court while interpreting the word 'purchase' referred to in section 54(1) of the Act held that the ordinary meaning of the word 'Purchase as buying for price or equivalent of price by payment in kind or adjustment towards an old debt or other monetary consideration and that there was no reason to divorce this ordinary meaning from the legal meaning of the word in section 54(1) of the Income Tax Act. The decision of the Hon'ble Supreme Court has been further followed by the Hon'ble Bombay High Court in the case of 'Dr. Laxmichand Narpal Nagda' (supra), wherein the Hon'ble Bombay High Court has observed as under-

6. Taking into consideration the letter as well as the spirit of section 54 and the "towards" used before the word "Purchase" in sub-section (2) of section 54. it seems to us that this said word is not used in the sense of legal transfer and, therefore, the holding of a legal title within a period of one year is not a condition precedent for attracting section 54. In the instant case, the whole consideration was paid, possession of the flat was obtained and it was actually put to use for dwelling within four months, as a result exemption contemplated u/s 34 was clearly attracted."

8. We may further like to add here that if capital gains are deemed to have been earned by the assessee on transfer of land as per the provisions of Section 2(47) of the Act, as per which the registration of the sale deed is not necessary, the consequences are that the seller or the assessee is said to have transferred his right in property and consequently those rights are acquired by the transferee; if in the case of transferor the same is to be treated as sale, then, we do not find any reason to give a different meaning to the word 'Purchase'. If someone has sold a property, consequently the other person has purchased

*the said property. If the transfer of property is complete as per the definition of transfer u/s 2(47) of the Act, the assessee is made liable to pay tax on the capital gains earned by him, on the same analogy, the transfer is also complete in favour of the purchaser also. The provisions cannot be interpreted in a manner to say that transfer vis-a-vis selling is complete but vis-a-vis purchase is not complete in respect of same transaction. In view of this, the word Purchase cannot be interpreted and detached from the definition of word 'transfer' as given u/s 2(47) of the Act. When the transfer takes effect as per the provisions of section 2(47) of the Act, if a liability to pay tax arise in the case of the seller, the consequent right to get deduction on the purchase of property accrues in favour of the purchaser, if he otherwise is so eligible to claim it as per the relevant provisions of the Act.*

*9. In view of our above observations, the Assessing officer is directed to give the benefit of deduction u/s 54B of the Act in respect of the purchase of the property at Village Dadu to the assessee.*

*10. In the result, the appeal of the assessee is allowed.*

8. On going through the above, we find that the same is squarely applicable and that in our consideration the assessee has duly complied to the consideration provided u/s 54B and has utilized the sale consideration from sale of urban agricultural land for purchase of other agricultural land within a period of two years from the date of transfer of land and thus has made a valid claim u/s 54B of the Act. We therefore set aside the findings of Ld. CIT(A) and allow the grounds of appeal raised by the assessee.

9. In the result, appeal of the assessee is allowed.

Order pronounced on this 27<sup>th</sup> day of January, 2026.

Sd/-

**(ASTHA CHANDRA)  
JUDICIAL MEMBER**

Sd/-

**(MANISH BORAD)  
ACCOUNTANT MEMBER**

पुणे/ Pune; दिनांक /Dated: 27<sup>th</sup> January, 2026.

*Neeta*

**आदेश की प्रतिलिपि अग्रेषित /Copy of the Order forwarded to:**

1. अपीलार्थी /The Appellant.
2. प्रत्यर्थी /The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "बी" बेंच,  
पुणे /DR, ITAT, "B" Bench, Pune.
5. गार्ड फाइल /Guard File.

आदेशानुसार /BY ORDER,

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Assistant Registrar  
आयकर अपीलीय अधिकरण, पुणे /ITAT, Pune