IN THE INCOME TAX APPELLATE TRIBUNAL
DEHRADUN BENCH, DEHRADUN

Before Sh. Satbeer Singh Godara, Judicial Member
&
Sh. Manish Agarwal, Accountant Member

ITA No. 149/DDN/2025 : Asstt. Year: 2016-17

Sh. Devendra Dutt Pant, Pant Niwas, Sapt Sarovar Road, Malhotra Farm House, Uttarakhand-249401	Vs	DCIT, Circle-1(3)(1), Haridwar, Uttarakhand-249401
(APPELLANT)		(RESPONDENT)
PAN No. ASOPP3608B		

Assessee by : Sh. Salil Aggarwal, Sr. Adv. &
Sh. Shailesh Gupta, CA
Revenue by : Sh. A. S. Rana, Sr. DR

Date of Hearing: 14.01.2026		**Date of Pronouncement: 14.01.2026**

ORDER

Per Satbeer Singh Godara, Judicial Member:

This assessee's appeal for Assessment Year 2016-17, arises against the CIT(A)/NFAC, Delhi's DIN & order No. ITBA/NFAC/S/250/2025-26/1077068659(1) dated 16.06.2025, in proceedings u/s 143(3) of the Income Tax Act, 1961.

2. Heard both the parties at length. Case file perused.

3. It emerges during the course of hearing that the assessee/appellant is aggrieved against both the learned lower authorities' respective assessment and lower appellate findings refusing section 54B deduction of Rs.79,97,240/- in issue.

4. That being the case, learned senior counsel not only argued the assessee's case at length but also he has filed a detailed written synopsis in support which is hereby extracted as under:

> *"1. That the assessee - appellant is an individual and has declared income from capital gains and other sources in the return of income. During the impugned assessment year, assessee had sold urban agricultural land at a sum of Rs. 3,16,40,375/- and had shown long term capital gain at a sum of Rs. 1,50,95,314/-. While doing so, assessee had claimed a deduction under section 54EC of a sum of Rs. 50,00,000/- and under section 54B of a sum of Rs. 79,97,240/- (in dispute), (kindly see page 2 of AO order and page 7 of PB for Income Tax Return).*
>
> *2. The learned AO, denied deduction under section 54B of the Act on the solitary basis that "assessee has not been able to substantiate agricultural activities being carried out by assessee for immediately preceding two years ", and as such, is not eligible to claim deduction under section 54B of the Act. While doing so, learned AO relied on a general document (emphasis supplied) with regards to various parties dated 17.12.2018 i.e. Faslinama showing assessee's land to be in "Aabadi" area, provided by Tehsildar to learned AO in pursuance to notice under section 133(6) of the Act (kindly see pages 11 to 13 of AO's order). A bare perusal of the said document would show that the same is pertaining to Fasli Varsh 1421 i.e. 2011 (fasli varsh + 590 years = Gregorian Calendar Year). It will not be out of place to mention that the said document is not relevant to impugned assessment year neither was for two years prior to impugned assessment year (AY 2014-15 and 2015-16), as such, the said document was wrongly considered by learned AO for denying deduction under section 54B of the Act.*
>
> *2.1 Moreover the word ' * Abadi* ' (English translation POPULATION) mentioned in Faslinama depicts that location of land is falling within ambit of Municipality/Nagar Nigam i.e. this denotes only the classification of land whether Urban or Rural. It doesn't provide the confirming evidence of actual usage of land.*

Therefore, merely relying upon the word mentioned as "Abadi" and treating land as NON agriculture will be incorrect and unjustified. The deduction under section 54B should be based on Actual Usage of Land (which is substantiated by other evidences, as mentioned below) and not on basis of classification mentioned as "Abadi".

3. That further, both AO and CIT (A) have failed to appreciate that sufficient documentary evidences were produced by assessee, in order to prove that agricultural activities were carried out by assessee in two years prior to the date of sale of land. Documents so furnished by assessee to substantiate that agricultural activities were carried by assessee so as to make him eligible for deduction under section 54B of the Act, are as below:

i) Letter dated 03.12.2018 addressed to Ld. Tehsildar by assessee, on which Ld. Patwari noted on 05.12.2018 that for Fasli Varsh 1422 to 1427 i.e. 2012 to 2017, the assessee's name was there in Revenue Records for Khasra No. 62/28 of 0.666 hectares and enclosed Faslinama for fasli varsh 1426 i.e. 2016, showing agricultural produce on the said land(kindly see pages 229 and 230 of PB).

ii) Land is undisputedly appearing as "agricultural land" in Revenue Records (kindly see pages 200 to 201 of PB).

iii) Certificate of Sh. Anil Mishra (Local Municipal Counsellor) dated 05.12.2018 stating that assessee has been doing agricultural activities on the aforesaid land (kindly see page 30 of PB).

iv) Photographs of agricultural activity being carried out by assessee at the time of sale of land (kindly see pages 223 to 224 of PB).

v) Photographs of deep drain alongside aforesaid land used for irrigation activities (kindly see pages 221 to 222 of PB).

vi) Copy of certificate of Sh. Ram Singh, husband of Smt. Saraswati Deviji, stating that the said land was cultivated by them on "batai" and they used to sell the agricultural produce, handing over l/3rd of produce to the owners of the land (kindly see pages 235 to 237 of PB). Reliance is placed on judgment of

Hon'ble High Court of Delhi in the case of Faiz Zurtaza Ali vs CIT reported in 334 ITR 370 and CIT vs Genesis Commet Pvt. Ltd. reported in 163 Taxman 482 on the proposition that "if Assessing Officer was not inclined to believe material produced by assessee that it could possibly produce, he could have used coercive powers available to him, i.e., to summon and cross-examine parties or to make independent enquiries to discard the evidences so produced by assessee ".

vii) Confirmation from Trust/ Gaushala to whom agricultural produce (grass, bajra) etc was provided by assessee (kindly see page 238 of PB).

viii) Since the produce from land was used for self-consumption, as such, there was no occasion to have reported the said fact to Land/ Revenue Authorities.

ix) Request made by assessee to AO for field visit and verify as to whether the said land has been used for agricultural activities. However, same was denied by Ld. AO(kindly see page 10 of AO's order).

4. In view of the above, it is most humbly submitted that assessee has furnished whole bunch of documentary evidences in order to show that agricultural activities were actually being carried out by assessee and his family members on the said piece of land. However, both AO and CIT (A) have merely placed reliance on Tehsildar's letter dated 05.12.2018 relevant to year 2011 not relevant to AY 2014-15 and 2015-16. On the contrary, documents furnished by assessee have been arbitrarily brushed aside. At this juncture, reliance is placed on the judgment of Hon'ble Supreme Court in Sarifabibi Mohmed Ibrahim vs. CIT 204 ITR 631 (SC), which has laid down the principles to be followed in deciding the question as to what can be construed as "Agricultural land", relevant extracts are reproduced below:

"10. The first decision of this Court which considered the meaning of the expression 'agricultural land' is in CIT v . Raja Benoy Kumar Sahas Roy [1957] 32 ITR 466. But the question there was whether the income from forest land derived from sal and piyasal trees, 'not grown by human skill and labour' constitutes agricultural income? The decision that directly considered the issue, though under

the Wealth-tax Act, 1957 is in CWT v. Officer-in-charge (Court of Wards) [1976] 105 ITR 133 (SC) (hereinafter referred to as the Begumpet Palace case). It was an appeal from a Full Bench decision of the Andhra Pradesh High Court. The High Court had taken the view, following a decision of the Madras High Court in T. Sarojini Devi v. T. Sri Krishna AIR 1944 Mad. 401, that the expression 'agricultural land' should be given the widest meaning. It held that the fact that the land is assessed to land revenue as agricultural land under the State Revenue Law is a strong piece of evidence of its character as an agricultural land. On appeal, a Constitution Bench of this Court held that; (a) Inasmuch as agricultural land is exempted from the purview of the definition of the expression 'assets', it is 'impossible to adopt so wide a test as would obviously defeat the purpose of the exemption given'. The idea behind exempting the agricultural land is to encourage cultivation of land and the agricultural operations. "In other words this exemption had to be necessarily given a more restricted meaning than the very wide ambit given to it by the Full Bench of the Andhra Pradesh High Court", (b) What is really required to be shown is the connection with an agricultural purpose and user and not the mere possibility of user of land by some possible future owner or possessor, for an agricultural purpose. It is not the mere potentiality but its actual condition and intended user which has to be seen for purposes of exemption, (emphasis supplied) (c) "The person claiming an exemption of any property of his from the scope of his assets must satisfy the conditions of the exemption", (d) "The determination of the character of land, according to the purpose for which it is meant or set apart and can be used, is a matter which ought to be determined on the facts of each particular case", (e) The fact that the land is assessed to the Land Revenue as agricultural land under the State Revenue Law is certainly a relevant fact but it is not conclusive.

11. That was a case where the question arose with respect to a large extent of 105 acres situated in the city of Hyderabad. The land was enclosed by a boundary wall, wherein there were two wells. The land was abutting Hussain Sagar Tank. The Full Bench of theAndhra Pradesh High Court evolved the following eight indicators to determine whether a land is an agricultural land, viz.,:

1) "The words 'agricultural land' occurring in section 2(e)(i) of the Wealth-tax Act should be given the same meaning as the said expression bears in entry 86 of List I and given the widest meaning;

2) the said expression not having been defined in the Constitution, it must be given the meaning which it ordinarily bears in the English language and as understood in ordinary parlance;

3) the actual user of the land for agriculture is one of the indicia for determining the character of the land as agricultural land;

4) land which is left barren but which is capable of being cultivated can also be 'agricultural land' unless the said land is actually put to some other non- agricultural purpose, like construction of buildings or an aerodrome, runway, etc., thereon, which alters the physical character of the land rendering it unfit for immediate cultivation;

5) if land is assessed to land revenue as agricultural land under the State Revenue Law, it is a strong piece of evidence of its character as agricultural land;

6) mere enclosure of the land does not by itself render it a non-agricultural land;

7) the character of the land is not determined by the nature of the products raised, so long as the land is used or can be used for raising valuable plants or crops or trees or for any other purpose of husbandry;

8) the situation of the land in a village or in an urban area is not by itself determinative of its character." (P- 139)

This Court characterized the indicator Nos. 6, 7 and 8 as merely negative in character. It disagreed with (1) and (4) and observed that only the fifth indicator was a relevant one though not conclusive. There was no controversy regarding indicator No. 3. Inasmuch as the

matter was not examined from the correct point of view, it was remitted to the High Court for a fresh decision.

12. The decision of the Gujarat High Court in Siddharth J. Desai's case (supra) relied upon strongly by the learned counsel for the appellant, reviewed the several earlier decisions of the Gujarat High Court as well as the decision of this Court in Begumpet Palace's case (supra) and has evolved the following 13 factors/indicators applying which the question has to be answered. The 13 factors are the following:

1) "Whether the land was classified in the revenue records as agricultural and whether it was subject to the payment of land revenue?

2) Whether the land was actually or ordinarily used for agricultural purposes at or about the relevant time?

3) Whether such user of the land was for a long period or whether it was of a temporary character or by way of a stop-gap arrangement?

4) Whether the income derived from the agricultural operations carried on in the land bore any rational proportion to the investment made in purchasing the land?

5) Whether, the permission under section 65 of the Bombay Land Revenue Code was obtained for the non-agricultural use of the land? If so, when and by whom (the vendor or the vendee)? Whether such permission was in respect of the whole or a portion of the land? If the permission was in respect of a portion of the land and if it was obtained in the past, what was the nature of the user of the said portion of the land on the material date?

6) Whether the land, on the relevant date, had ceased to be put to agricultural use? If so, whether it was put to an alternative use? Whether such cesser and/or alternative user was of a permanent or temporary nature?

7) Whether the land, though entered in revenue records, had never been actually used for

agriculture, that is, it had never been ploughed or tilled? Whether the owner meant or intended to use it for agricultural purposes?

8) Whether the land was situate in a developed area? Whether its physical characteristics, surrounding situation and use of the lands in the adjoining area were such as would indicate that the land was agricultural?

9) Whether the land itself was developed by plotting and providing roads and other facilities?

10) Whether there were any previous sales of portions of the land for non-agricultural use?

11) Whether permission under section 63 of the Bombay Tenancy and Agricultural Lands Act, 1948, was obtained because the sale or intended sale was in favour of a non-agriculturist? If so, whether the sale or intended sale to such non-agriculturist was for non-agricultural or agricultural user?

12) Whether the land was sold on yardage or on acreage basis?

13) Whether an agriculturist would purchase the land for agricultural purposes at the price at which the land was sold and whether the owner would have ever sold the land valuing it as a property yielding agricultural produce on the basis of its yield?

At the risk of repetition, we may mention that not all of these factors would be present or absent in any case and that in each case one or more of those factors may make appearance and that the ultimate decision will have to be reached on a balanced consideration of the totality of circumstances."

(13) In CIT v. V.A. Trivedi [1988] 172 ITR 95 a Division Bench of the Bombay High Court, of which one of us (S.P. Bharucha, J.) was a member, considered this question again. In this case the assessee had purchased the land of an extent of seven acres in February 1966. The land was covered by the Nagpur Improvement Trust Scheme. In August 1966 he obtained permission to convert the

said land to non-agricultural use. In June 1968 he entered into an agreement with a Housing Co-operative Society to sell three acres out of it. The sale-deed was executed in October 1968. In his assessment proceedings the assessee claimed that the surplus income arising from the sale of land was exempt from tax inasmuch as it was agricultural land at the time of its sale. The matter reached the High Court. The Division Bench referred to several facts established from the record. Some of them supported the assessee's stand while some others militated against his contention. The facts found in favour of the assessee were: (1) at the time of its purchase by the assessee, the Ajni land was agricultural land; (2) it had been under cultivation by the assessee till the date of its sale, (3) it continued to be assessed to land revenue as agricultural land until it was sold, (4) the intention of the assessee, when he purchased it, was to acquire agricultural land for agricultural purposes, (5) the assessee's use of it was the normal use by an agriculturist, (6) it was not within any Town Planning Scheme, and (7) no material has been produced to show any development or building activity surrounding it. The facts which militated against the assessee's stand were three in number namely: (I) the location of the Ajni land within the Corporation and the improvement trust limits; (2) the action of the assessee in obtaining on 8-8-1966, permission to convert the user of the Ajni land to non-agricultural purposes, and (3) the agreement to sell and the sale of the Ajni land for non-agricultural, i.e., building purposes.

(14) The Bench observed that to ascertain the true character and the nature of the land, it must be seen whether it has been put to use for agricultural purposes for a reasonable span of time prior to the relevant date and further whether on the relevant date the land was intended to be put to use for agricultural purposes for a reasonable span of time in the future. Examining the facts of the case from the said point of view, the Bench held that the agreement entered into by the assessee with the Housing Society is the crucial circumstance since it showed that the assessee agreed to sell the land to Housing Society admittedly for utilisation for non-agricultural purposes. The sale-deeds were executed four months after the agreement of sale and even if any agricultural operations were carried on within the said span of four months, - the Bench held - it was evidently in the nature of a stop-gap arrangement. On the date the

land was sold, the Bench held, the land was no longer agricultural land which is evident from the fact that the assessee had obtained permission even in August 1966 to convert the said land to non-agricultural purposes.

5. Further, reliance is placed on the judgment of Apex Court in the case of CIT vs Officer in Charge (Court of Wards) reported in 105 ITR 133, relevant portion is extracted below:

"Learned counsel for the assessee-respondents submitted that no evidence had been led on the question of intended user before the taxing authorities as the "prima facie evidence ", provided by the entries in the revenue records, was considered enough. It has, however, to be remembered that such entries could raise only a rebuttable presumption. It could, therefore, be contended that some evidence should have been led before the taxing authorities of the purpose or intended user of the land under consideration before the presumption could be rebutted. If the "prima facie" evidence of the entries was enough for the assessee to discharge his burden to establish an exemption, as it seemed to be, evidence to rebut it should have been led on behalf of the department.

We think that this aspect of the question was not examined by the Full Bench from a correct angle. Although it seems to have based its conclusion primarily on the "prima facie" evidence provided by the entries under section 50 of the Andhra Pradesh Land Revenue Act, it had also used other indicia which were really not very helpful. They had a bearing on potentialities for agricultural user. The Full Bench had, however, not recorded a finding that the conclusion reached by the taxing authorities, that the land was never even intended to be used for an agricultural purpose, rested on no evidence at all. It had not given its reasons for rejecting this finding of the Tribunal.

We also think that the Full Bench was not correct in adopting the view expressed in Sarojini Devi's case (supra) by the Madras High Court where it was held that it was enough to show that the land under consideration was capable of being used for agricultural purposes. This erroneous view also seems to us to have affected the conclusion of the Full Bench on what was essentially a question of fact. It had led the Full Bench into giving

excessive weight to considerations which had a bearing only on potentialities of the land for use for agricultural purposes.

For the reasons already given, we do not think that the term "agricultural land" had such a wide scope as the Full Bench appears to have given it for the purposes of the Act we have before us. We agree that the determination of the character of land, according to the purpose for which it is meant or set apart and can be used, is a matter which ought to be determined on the facts of each particular case. What is really required to be shown is the connection with an agricultural purpose and user and not the mere possibility of user of land, by some possible future owner or possessor, for an agricultural purpose. It is not the mere potentiality, which will only affect its valuation as part of "assets", but its actual condition and intended user which has to be seen for purposes of exemption from wealth-tax. One of the objects of the exemption seemed to be to encourage cultivation or actual utilization of land for agricultural purposes. If there is neither anything in its condition, nor anything in evidence to indicate the intention of its owners or possessors, so as to connect it with an agricultural purpose, the land could not be "agricultural land" for the purposes of earning an exemption under the Act. Entries in revenue records are, however, goodprima facie evidence. We do not think that all these considerations were kept in view by the taxing authorities in deciding the question of fact which was really for the assessing authorities to determine having regard to all the relevant evidence and the law laid down by this court. The High Court should have sent back the case to the assessing authorities for deciding the question of fact after stating the law correctly."

6. Some other case laws to be relied upon:

i) ITO vs Nitinbhai Kanubhai Patel (ITAT Ahmedabad) reported in 215 ITD 565

5.6 The law is well-settled that the initial burden to prove eligibility for deduction under section 54B rests on the assessee. Only when prima facie evidence of agricultural use is furnished does the onus shift to the Department. In the present case, the assessee failed to file cogent, verifiable, and contemporaneous records of cultivation during the

relevant period. The CIT(A) erred in reversing the finding of the Assessing Officer without recording independent satisfaction that the assessee had indeed discharged this initial burden. The Revenue has also contended that the learned CIT(A) failed to appreciate the ratio of CWT v. Officer-in-Charge (Court of Wards) [1976] 105 ITR 133 (SC), SC), which holds that the onus to prove the character and use of land as agricultural lies upon the assessee. We find merit in this submission. The CIT(A) has not discussed or applied this principle while granting relief. Rather, he placed complete reliance on the co-owner's ITAT order without ensuring factual parity or analyzing whether the evidentiary deficiency pointed out by the Assessing Officer was addressed in that case.

5.7 We also find that in paragraph 5 of the impugned order, the learned CIT(A) has recorded that the assessee was provided with various opportunities of being heard through notices issued on different dates and that the assessee had filed certain details electronically in response to such notices. However, the appellate order does not specify the nature, contents, or relevance of the said details, nor does it discuss how those submissions were examined in the context of the Assessing Officer's specific findings. There is no reference to any supporting documentary evidence such as copies of revenue records, sale bills, or affidavits which could substantiate the claim of agricultural use of the land. The order of the CIT(A) thus lacks clarity on what precise evidences were produced and how those were found satisfactory to overturn the detailed factual conclusions drawn by the Assessing Officer. The absence of any analytical discussion or correlation between the submissions made and the reasoning adopted renders the order unspeaking on material aspects of fact and law.

5.8 In view of the foregoing discussion and considering the deficiencies noted in the appellate order, we are of the considered view that the learned CIT(A) has failed to examine the issue in its proper factual and legal perspective. The order of the CIT(A) merely relies upon the decision of the Coordinate Bench in the case of the co-owner without verifying the distinguishing facts recorded

by the Assessing Officer, without examining the evidence on record, and without addressing the specific legal contentions raised by the Revenue. The appellate authority has also not dealt with the applicability of the binding ratio of the Hon'ble Supreme Court in Officer-in-Charge (Court of Wards) (supra), which clearly enunciates that the burden to establish the agricultural character and use of land rests on the assessee.

5.9 Accordingly, in the interest of justice, we set aside the impugned order of the learned CIT(A) and restore the matter to his file with a direction to decide the issue afresh after conducting an independent and comprehensive examination of all relevant evidences, including the revenue records, details of crops cultivated, irrigation records, bills of agricultural produce, and any other corroborative documents the assessee may rely upon. The learned CIT(A) shall also specifically address the Assessing Officer's findings, the assessee's own admission regarding factual distinctions from the co-owner's case, and the applicability of judicial precedents. The assessee shall be afforded due opportunity of being heard and shall cooperate by producing all requisite details.

ii) *Abhijit Subhash Gaikwad vs DCIT (ITAT Pune) reported in 70 SOT 429.*

22. The judicial precedents have laid down that the expression 'agricultural land' though not defined under the Income-tax Act, but would be applicable to such land where the actual user of the land was for agricultural purposes in recent times. Just because the land was used for agricultural purposes in the remote past or it continues to be assessed in the land revenue records as agricultural land is not decisive to determine the nature of land being agricultural land. Where the land has not been put to use for agricultural purposes for reasonable span of time prior to the date of its transfer, the land in question cannot be held to be agricultural land. The onus was upon the assessee to establish its case of having cultivated the land in recent past and in the absence of assesses having discharged its onus and merely because the land is recorded as agricultural

land in the revenue records, does not establish the case of assessee.

7. In view of the aforesaid, it is submitted that since the assessee has led sufficient evidences in order to prove that it had carried out agricultural activities on the aforesaid land prior to date of sale, as such, deduction under section 54B of the Act be allowed to assessee - appellant.

ISSUE NO. 2 IS WITH REGARDS TO DENIAL OF INDEXED COST OF ACQUISITION OF A SUM OF RS. 5,33,063/-

8. In this regards, it is most humbly submitted that the assessee had claimed indexed cost of acquisition of a sum of Rs. 31,26,815/-, out of which a sum of Rs. 9,94,563/- was allowed by AO. However, with regards to the balance sum of Rs. 21,32,252/-, learned AO disallowed a sum of Rs. 5,33,063/- @ 25% on ad-hoc basis (kindly see pages 2 to 4 of AO's order). While doing so, learned AO has failed to appreciate the fact that the assessee - appellant relevant documentary evidences in shape of valuer's certificate, certifying the cost of improvement incurred by assessee - appellant in preceding assessment years (kindly see pages 24, 45 to 46, 47 to 55, 56 to 91 and 92 to 100 of PB). Both learned AO and CIT (A) have failed to rebut the aforesaid documentary evidences so furnished by assessee and merely made ad-hoc disallowance of 25% that too without any basis, as such, it is prayed that the ad-hoc addition so made by learned AO be deleted."

5. The Revenue draws strong support from both the learned lower authorities' respective findings under challenge.

6. We have given our thoughtful consideration to the assessee's and the Revenue's foregoing vehement submissions. We make it clear that the first and foremost issue between the parties herein is that of the assessee's eligibility of his deduction claim u/s 54B of the Act regarding re-investment of

capital gains on transfer of land used for agricultural purposes subject to a rider that the capital asset in issue is land which was used for agricultural purposes in "the two years immediately preceding the date on which the transfer took place." The assessee had admittedly sold his land admeasuring 0.904 hectare on 08.04.2015 which is fairly admitted by both the learned lower authorities. His case through learned senior counsel in this factual backdrop is that both the lower authorities have erred in law and on facts in concluding that the said land was nowhere used for agricultural purposes so as to be eligible for section 54B deduction in issue.

7. It is in this factual backdrop that the assessee has filed his foregoing detailed submissions. We wish to emphasize here that given the fact that the assessee had sold his land in the month of April 2016, he ought to satisfy the tribunal that the same was being used for agricultural purposes in the preceding two years from the date of the said transfer. Learned senior counsel could hardly dispute that both the lower authorities have gone by the relevant revenue records indicating the land as not used for the said purpose. Mr. Aggarwal seeks to buttress the point herein that the said relevant records was only for the year 2011 than in 2014-15 which could result in denial of assessee's

deduction. He further reiterates the assessee's stand that he had filed very much voluminous supportive evidence to prove the very fact that the land was being used for agricultural post-facto execution on sale deed which has been wrongly rejected.

8. The assessee's instant appeal had come up for hearing on 12.01.2026. The assessee sought time to bring on record the relevant revenue records pertaining to his land sold (from the year 2014 to 2016) going by section 54B of the Act. Learned senior counsel submits on 14.01.2026 before us that no such revenue record exists for the assessee's land. His further case is that the assessee has all along claimed "batai" receipts as well that the land was used for agricultural purpose only.

9. We find no reason to accept the assessee's vehement contentions. This is for the precise reason that rather filing the relevant revenue records before us in for the year from 2014 to 2016 to clinch the issue, he has withheld the same which gives rise an adverse inference that the same would prove the case in the department's favour only. So far as the assessee's case that he had filed photographs and other oral evidence including patwari's reports in the year 2018, we hold that such a subsequent evidence; and, more so, when the said revenue

officer never had even a power to correct the corresponding revenue entry(ies) pertaining to the year 2016 and before in the year 2018, the same do not support the appellant's case. We conclude in this factual backdrop that the assessee's self-serving oral documentary evidence in absence of the revenue records for the year 2014-15 could not be accepted to decide the issue against the department. We thus reject his impugned section 54B deduction claim to uphold the learned lower authorities' respective findings in very terms.

10. Next comes the assessee's second substantive issue of the cost of improvement claimed to the tune of Rs.31,26,815/- which stands accepted to the extent of Rs.9,94,563/- in the assessment order. The Assessing Officer thereafter disallowed 25% thereof; coming to Rs.5,33,063/- on ad-hoc basis which stands upheld in the lower appellate discussion. The Revenue could hardly dispute that not only such cost of acquisition or improvement, as the case may be of the relevant capital asset was duly supported by the relevant evidence but also there is no concrete denial to the assessee's stand all along. Be that as it may, we are of the considered view in this factual backdrop that a lump sum disallowance of Rs.2,00,000/- only on such a highly subjective issue would be just and proper with a rider

that the same shall not be treated as a precedent. Necessary computation shall follow as per law.

11. No other ground or argument has been pressed before us.

12. This assessee's appeal is partly allowed in above terms.

Order Pronounced in the Open Court on 14/01/2026.

Sd/-	Sd/-
(Manish Agarwal)	**(Satbeer Singh Godara)**
Accountant Member	**Judicial Member**

Dated: 11/02/2026

Subodh Kumar, Sr. PS
Copy forwarded to:
1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR