

**IN THE INCOME TAX APPELLATE TRIBUNAL
SURAT BENCH, SURAT**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
MS. SUCHITRA KAMBLE, JUDICIAL MEMBER**

I.T.A. No. 1025/SRT/2025
(Assessment Year: 2015-16)

Ratibhai Girdharbhai Kakani, 109, Part-2, Shantiniketan Society, Opp. Lajamni Hotel, Mota Varachha, Surat-395006 [PAN : ANMPK 2307 F]	Vs.	Asst. Commissioner of Income-tax, Circle 1 (3), Surat
(Appellant)	..	(Respondent)
Appellant represented by :	Shri Hiren R. Vepari, CA	
Respondent represented by:	Shri Ashish Kumar, Sr. DR	
Date of Hearing	22.01.2026	
Date of Pronouncement	17.02.2026	

ORDER

PER DR. B.R.R. KUMAR, VICE-PRESIDENT:-

This appeal has been filed by the assessee against the order dated 11.09.2025 passed by the Ld. Commissioner of Income-tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred to as the "Ld. CIT(A)" for short), under Section 250 of the Income-tax Act, 1961 (hereinafter referred to as the "Act" for short) for Assessment Year 2015-16.

2. The assessee has raised following grounds of appeal :-

"(i) On the facts and circumstances of the case and as per law, the learned CIT(A) was not justified in confirming addition of Rs. 1,16,21,427/- u/s 56(2)(vii)(b) as unexplained investment in property.

(il) The learned CIT(A) was not justified in confirming the addition u/s 56(2)(vii)(b) when the transaction value was above the stamp authority valuation.

(iii) The appellant submits that he had purchased the property (Land) in public auction from the co-operative society, hence, there was no justification in sustaining this addition.

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(iv) There was no merit in sustaining the addition particularly when the variation between the DVO and the appellant valuation is 9.58% (less than the 10% limit prescribed by Rule 111A r.w.s. 55A)

(v) In any case, in the worst, the addition could not have been sustained beyond the DVO valuation."

3. The brief facts of the case are that assessee purchased an immovable property through a public auction conducted by a Co-operative Society for a total consideration of Rs.3,49,36,323/-. During the course of assessment proceedings, the Assessing Officer observed that the stamp duty valuation of the property was Rs.4,65,57,750/- and, invoking the provisions of section 56(2)(vii)(b) of the Act, made an addition of Rs.1,16,21,427/- being the difference between the stamp duty value and the actual purchase consideration.

4. The matter was referred to the Departmental Valuation Officer (DVO), who determined the fair market value of the property at Rs.3,82,83,000/-. The Ld. CIT(A) confirmed the addition made by the Assessing Officer. Aggrieved, the assessee is in appeal before us.

5. We have heard the rival contentions and perused the material available on record, including the orders of the Assessing Officer and Ld. CIT(A).

5.1 The issue for consideration is whether the addition of Rs.1,16,21,427/- under section 56(2)(vii)(b) of the Act is sustainable.

Straight to the issue:

5.2 The Assessing Officer made an addition of Rs.1,16,21,427/- under section 56(2)(vii)(b) of the Act. The valuation report received from the DVO shows a variation of 9.58% between the value determined by the DVO and the actual consideration paid by the assessee, which is less than the 10% allowable limit

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recognized in valuation matters under Rule 111A read with section 55A of the Act. Since the value of the property falls within the accepted tolerance band, no addition is called for in the present case.

5.3 Further, we find that the assessee has purchased the property through a public auction from a Co-operative Society. In the absence of any material on record to establish that any amount over and above the stated consideration was paid to the trustees or officers of the society, the allegation of unexplained investment cannot be sustained. Accordingly, the addition is deleted.

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

The order is pronounced in the open Court on 17.02.2026

Sd/-

(SUCHITRA KAMBLE)
JUDICIAL MEMBER

Ahmedabad; Dated 17/02/2026

btk

Sd/-

(DR. B.R.R. KUMAR)
VICE-PRESIDENT

आदेश की प्रतिलिपि ँ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील)/ The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण ,/DR,ITAT, Surat,
6. गार्ड फाईल /Guard file.

आदेशानुसार/ BY ORDER,

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सहायक पंजीकार (Asstt. Registrar)
आयकर अपीलीय अधिकरण
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