

आयकर अपीलिय अधिकरण, 'ए' न्यायपीठ, चेन्नई।
IN THE INCOME TAX APPELLATE TRIBUNAL
'A' BENCH: CHENNAI

श्री एबी टी. वर्की, न्यायिक सदस्य एवं सुश्री पदमावती यस, लेखक सदस्य के समक्ष
BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND
MS. PADMAVATHY.S, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.3696/Chny/2025
निर्धारण वर्ष /Assessment Year: 2017-18

Varadhan Sureshababu,
No.2692, TNHB Colony,
B Type, Avadi,
Chennai – 600 054.
PAN: AWHPS 3798N

The Asst. Commissioner of Income
Tax,
Non Corporate Circle-7(1),
Chennai.

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by
प्रत्यर्थी की ओर से /Respondent by

: None
: Dr. M.D.Vijay Kumar, JCIT

सुनवाई की तारीख/Date of Hearing
घोषणा की तारीख /Date of Pronouncement

: 18.02.2026
: 27.02.2026

आदेश / ORDER

PER PADMAVATHY.S, A.M:

This appeal by the assessee are against the order of the Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre (NFAC), Delhi, (in short "CIT(A)") passed u/s. 250 of the Income Tax Act, 1961 (in short "the Act") dated 27.10.2025 for Assessment Year (AY) 2017-18.

2. The assessee is an individual and filed the return of income for AY 2017-18 on 08.05.2017 declaring total income of Rs.23,58,080/-. The case was selected for limited scrutiny and the statutory notices were duly served on the assessee. The assessee during the year under consideration has sold along

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with his spouse property for a consideration of Rs.7,00,00,000/-. The assessee in the return of income has offered capital gains at Rs.23,58,080 after claiming deduction u/s. 54. The Assessing Officer (AO) called on the assessee as to why the deduction u/s. 54 of the Act cannot be denied since the property sold is a commercial property. The assessee submitted that he is trying to file revised the return claiming deduction under section 54F instead of 54 and that is unable to do it. The AO did not accept the submissions of the assessee and proceeded to recompute the long-term capital gain to make an addition of Rs.1,29,10,753/-. Aggrieved, the assessee filed the appeal before the CIT(A). The CIT(A) upheld the decision of the AO and also denied the deduction under section 54F to the assessee stating that new claims cannot be accepted by placing reliance on the decision of Hon'ble Supreme Court in the case of Goetze (India) Ltd vs CIT [(2006) 284 ITR 323 (SC)]. Aggrieved, the assessee is in appeal before the tribunal.

3. We heard the Ld. DR and perused the material on record. We notice that the deduction u/s. 54F of the Act has been denied by the assessee on the ground that it is a fresh claim. However from the order of the AO it is clear that the assessee in the return of income has claimed deduction under section 54 of the Act instead of section 54F of the Act. Further from the perusal of the order of the AO, we notice that the AO has admitted the fact that the assessee has spent certain amount on construction. We also noticed that the CIT(A) has denied the deduction on the ground that it is a fresh claim. In our considered view, the said contention to deny the deduction is not correct when the fact that the assessee has expended certain amount is admitted. Considering the overall facts and circumstances peculiar to the assessee's case, we are of the considered view that impugned issue needs fresh examination. Therefore we

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remit the appeal back to the AO with a direction to call for the required details for computing the long-term capital gains and to allow deduction u/s. 54F of the Act in accordance with law. Needless to say that the assessee be given reasonable opportunity of being heard. It is ordered accordingly.

4. In result the appeal of the assessee is allowed for statistical purposes

Order pronounced on 27th day of February, 2026 at Chennai.

Sd/-
(एबी टी. वर्की)
(ABY. T. Varkey)

न्यायिक सदस्य / Judicial Member

Sd/-
(पदमावती यस)
(Padmavathy.S)

लेखा सदस्य / Accountant Member

चेन्नई/Chennai, दिनांक/Dated: 27th February, 2026.

EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai/Madurai/Coimbatore/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF