

IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, CHANDIGARH

PHYSICAL HEARING

BEFORE HON'BLE SHRI LALIET KUMAR, JM
AND
HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM

आयकर अपील सं. / ITA No.237/CHANDI/2025
(निर्धारण वर्ष / Assessment Year: 2014-15)

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| Smt. Sharanjit Kaur H. No. 2359, Sector – 23C, Chandigarh - 160023 | बनाम/ Vs. | ITO Ward-2 (1) Aaykar Bhawan, Sector – 17 Chandigarh - 160017 |
| स्थायीलेखासं./जीआइआरसं./PAN/GIR No. ACWPK-0060-A | | |
| (अपीलार्थी/ Appellant) | : | (प्रत्यर्थी / Respondent) |

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| अपीलार्थीकीओरसे/ Appellant by | : | S/Shri M. R. Sharma (Advocate) & Om Datt Sharma (Advocate) – Ld. ARs |
| प्रत्यर्थीकीओरसे/ Respondent by | : | Dr. Ranjit Kaur (Addl. CIT) – Ld. Sr. DR |

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| सुनवाईकीतारीख/ Date of Hearing | : | 24-02-2026 |
| घोषणाकीतारीख / Date of Pronouncement | : | 19-03-2026 |

आदेश / O R D E R

Laliet Kumar (Judicial Member)

1. Aforesaid appeal by assessee for Assessment Year (AY) 2014-15 arises out of an order of learned Commissioner of Income Tax (Appeals), NFAC [CIT(A)] dated 09-01-2025 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s 147 r.w.s. 144B of the Act on 23-03-2022. The prime grievance of the assessee is denial of deduction u/s 54F under the head Long-Term Capital Gains

(LTCG). Having heard rival submissions and upon perusal of case records, our adjudication would be as under.

Proceedings before lower authorities

2.1 The assessee's case was reopened and notice u/s 148 was issued on 31-03-2021. The same was on the ground that the assessee sold certain immovable property on 17-01-2014 for Rs.115.18 Lacs. The assessee furnished computation of income. The Long Term Capital Gains (LT CG) was computed by the assessee at Rs.110.41 Lacs against which the assessee claimed deduction u/s 54F for Rs.110.41 Lacs. The deduction was claimed towards purchase of a residential villa by the assessee at *Sanawar Hills Colony, District Kasauli, Solan* for a consideration of Rs.207.38 Lacs. The amount of Rs.10 Lacs was stated to be paid by the assessee on 28-08-2012 and another amount of Rs.106 Lacs was stated to be paid on 30-12-2014. In support, the assessee furnished bank statements etc. It was noted by Ld. AO that the amount of Rs.200 Lacs was already paid by the assessee but the amount of Rs.7.38 Lacs was still payable which was to be paid within 3 months after permission u/s 118 of HP Tenancy and Land Reforms Act, 1972 was received from appropriate authority. The permission would be required, the assessee being non-Himachal resident. The Ld. AO further noted that as per agreement to sale dated 06-08-2021, the balance amount was paid on 07-07-2020, 14-09-2020 and 27-07-2021. To claim impugned deduction, the assessee was required to deposit the balance amount in Capital Gain Account

Scheme, 1988 as per Sec. 54F. Since the amount was not deposited, the deduction so claimed by the assessee was denied by Ld. AO.

2.2 Another addition as made by Ld. AO was for Rs.84,940/- which represent difference in original returned income and income returned during reassessment proceedings. Since the assessee failed to file revised return u/s 139(5), this amount was added to assessee's income.

2.3 The Ld. CIT(A) upheld the action of Ld. AO on the ground that the assessee had to complete or construct residential property within prescribed time which was not done. The assessee was not even in effective possession of the property. No ground was raised by the assessee qua addition of Rs.84,940/-. Aggrieved, the assessee is in further appeal before us.

Our findings and Adjudication

3. It emerges that certain land at Village *Saddemajra* has been sold by the assessee on 17-01-2014 for Rs.115.18 Lacs. After claiming indexed cost, net LTCG has been worked out at Rs.110.41 Lacs against which deduction u/s 54F has been claimed by the assessee. Finally, the gains have been computed as 'nil'. It could also be seen that the assessee has purchased Villa No.15 in JLPL, Sanawar Hills (HP) vide letter of intent as issued by JLPL on 30-12-2014. The sale consideration has been fixed for Rs.250 Lacs out of which sum of Rs.10 Lacs was paid by the assessee as booking amount on 28-08-2012 whereas another amount of Rs.106 Lacs has been paid by the assessee on 30-12-2014. The assessee has filed original return of

income on 30-12-2014 after claiming deduction u/s 54F to the extent of capital gains against these investments. It could be seen that though the new property has purchased for Rs.207.38 Lacs, the assessee parted with substantial amount of Rs.116 Lacs by 30-12-2014. The LTCG was computed at Rs.110.41 Lacs and the deduction u/s 54F has been claimed to that extent only. As per the extant provisions of Sec.54F, the assessee should invest net sales amount of the old asset in the purchase of a new residential house. The new residential property must be purchased wither one year before or two year after the date of sale of old asset. In case of construction, the new property must be constructed within 3 years from sale of old asset. In the given facts, the net sales consideration is Rs.115.18 Lacs only which stood fully invested by 30-12-2014. The fact that the permission was not granted within prescribed time period would not jeopardize the claim of the assessee since the same is beyond the control of the assessee. The assessee was required to make the investments to the extent of net sale consideration only which has been done by the assessee. Since net consideration stood fully invested, there was no requirement to make further deposit in Capital Gains Account Scheme. As per settled legal position, the provisions of Sec.54F are beneficial provisions and are to be construed liberally. Therefore, we direct Ld. AO to allow the impugned deduction to the assessee. The addition of Rs.84,940/- do not require any interference on our part.

4. The appeal stand partly allowed.

Order pronounced on 19/03/2026.

-Sd-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

-Sd-
(LALIET KUMAR)
JUDICIAL MEMBER

Dated: 19/03/2026

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH