

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DEHRADUN “DB” BENCH: DEHRADUN**

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER &  
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

**[THROUGH VIRTUAL MODE]**

**ITA No.180/DDN/2024**

**[Assessment Year : 2019-20]**

ACIT 51/2, Rajpur Road, Dehradun, Uttarakhand	vs	Smt. Shanti Devi Goyal 14/1, New Road, Dehradun Uttarakhand-248001 <b>PAN-ADEPG5850D</b>
<b>APPELLANT</b>		<b>RESPONDENT</b>

**ITA No.181/DDN/2024**

**[Assessment Year : 2019-20]**

Smt. Shanti Devi Goyal 14/1, New Road, Dehradun, Uttarakhand-248001 <b>PAN-ADEPG5850D</b>	vs	CIT(Appeals)-3 Noida, Uttar Pradesh
<b>APPELLANT</b>		<b>RESPONDENT</b>
<b>Revenue by</b>	Ms. Poonam Sharma, CIT DR	
<b>Assessee by</b>	Shri Virendra Kalra, CA	
<b>Date of Hearing</b>	15.01.2026	
<b>Date of Pronouncement</b>	08.04.2026	

**ORDER**

**PER MANISH AGARWAL, AM :**

The captioned cross-appeals are filed by the Revenue and assessee against the order dated 28.08.2024 by Ld. Commissioner of Income Tax (A)-3, Noida [“Ld. CIT(A)”] passed u/s 250 of the Income Tax Act, 1961 [“the Act”] arising from the assessment order dated 15.07.2021 passed u/s 143(3) of the Act pertaining to Assessment Year 2019-20.

2. Since the cross-appeal filed by the Revenue and the assessee are having common and identical issues therefore, both the appeals of the Revenue and assessee are decided by a common order.

3. Brief facts of the case are that search and seizure action was carried out at the business and residential premises of Garg & Goyal Group of cases on 11.02.2019 and assessee was also a part of the group and the case was also covered. Thereafter, proceedings u/s 153A of the Act were initiated and year under appeal being year of search, assessment proceedings u/s 143(3) of the Act were initiated. The assessee filed her return of income u/s 139(4) on 19.08.2020, declaring total income of INR 17,61,510/-. Thereafter, notice u/s 143(2) was issued on 05.11.2020 followed by notice u/s 142(1) alongwith questionnaire issued to the assessee. The AO observed that during the year under appeal, assessee has constructed house situated at 14/1, New Road, Dehradun. Therefore, a reference was made to DVO for estimation of cost of construction who vide report dated 31.07.2019 estimated the total cost of construction at INR 2,54,80,000/- and also estimated the cost declared by the assessee during the previous year at INR 82.00 Lakhs and addition was proposed of INR 1,72,80,000/- for difference in cost estimated. The assessee vehemently objected the valuation report on various counts and submits that DVO has inspected the property on 06.06.2019 upto which the total investment made by assessee was more than INR 1.50 crores and not INR 82 Lakhs as estimated by AO/DVO. The assessee further claimed that AO/DVO has wrongly estimated the

entire cost in FY 2018-19 wherein construction was spread over for Two Financial Years i.e. in FY 2018-19 & 2019-20. The assessee further claimed that credit for self-supervision @ 15% should be allowed and further claimed that the rate of state PWD be applied as against CPWD rates applied by DVO. The assessee also obtained a report of approved valuer who had valued the cost of construction of INR 1,65,65,161/-. Assessee further claimed that if necessary, credits of self-supervision and CPWD and PWD rate of 25% is given, there is no difference remained. However, the AO without appreciating the facts, has made the addition of INR 1,72,80,000/- being difference between the cost of construction declared at INR 82 Lakhs and estimated by DVO at INR 2,54,80,000/- and made the addition for the same.

4. Against the said order, the assessee preferred appeal before Ld. CIT(A) wherein the assessee has not only taken the arguments before the AO and also pointed out various defects in the valuation report of DVO. After considering the report of the DVO and the objections raised by assessee, Ld. CIT(A) has re-compute the estimation of cost of construction at INR 2,03,07,193/- and cost as per books of accounts of the assessee was taken at INR 1,51,04,572/- and uphold the addition for the difference of INR 52,02,621/-. Ld. CIT(A) further bifurcated the difference in cost of construction in two Financial Years i.e. FYs 2018-19 & 2019-20 based on the amount of investment made by the assessee and accordingly, an addition of INR 40,08,557/- was confirmed and remaining addition was deleted.

5. Aggrieved by the said order, both the parties are in appeal before the Tribunal by taking following Grounds of appeal:-

**ITA No.180/DDN/2024 [Revenue's Appeal]**

**[Assessment Year 2019-20]**

1. *“Whether on facts and circumstances of the case and in law, the Ld. CIT (A)-3, Noida has erred in deleting the addition of Rs.1,32,71,443/- out of total addition of Rs. 1,72,80,000/- made u/s 69 of the Income Tax Act, 1961, disregarding the valuation report of the Departmental Valuation Officer, which was based on personal inspection of the property and was of binding nature.*
2. *Whether on facts and circumstances of the case and in law, the Ld. CIT (A)-3, Noida has erred in estimating the value of property at Rs. 2,03,07,193/- as against the valuation made by the DVO at Rs. 2,54,80,000/-. The Ld. CIT(A) has estimated the value of property, without giving due consideration of the cost of land, furniture, fixtures, furnishing items, T&P and other movable items etc. that were valued by the DVO.*
3. *Whether on facts and circumstances of the case and in law, the Ld. CIT (A)-3, Noida has erred in ignoring the value of the property of Rs. 2,54,80,000/-, without appreciating the fact that the DVO applied most appropriate method i.e. Cost Reproduction Method (DPAR 2012 & Cost Index method) while determining the cost of construction.*
4. *Whether on facts and circumstances of the case and in law, the Ld. CIT (A)-3, Noida has erred in estimating the value of property at Rs. 2,03,07,193/- and bifurcating the same in the 4 A.Y. 2019-20 & 2020-21 respectively, without appreciating the fact that the assessee failed to produce documentary evidences before the DVO to establish that the construction was made in two financial years.*
5. *That the appellant craves leave to add alter, adduce or amend or 5 any ground or grounds on or before the date of hearing of appeal.”*

**ITA No.181/DDN/2024 [Assessee's Appeal]**

**[Assessment Year 2019-20]**

1. *“Additions on the basis of mere surmises and conjectures; Rebate of minimum 15% deduction to be allowed on account of self-supervision.*
2. *External services added to the extent of 11% ignoring the actual work done and the bills wherein only 4% of the services have been done.*
3. *Complete on consideration of the facts that related concerns of the appellant are already in the business of trading of building materials.*

4. *Incorrect assumption that present case is a case fit for a specific contractor; various multiple agencies were involved in the construction fact which was completely ignored by the Id. AO as well as the Id. CIT(A).*
5. *No incriminating material found during search which led to any doubt on the veracity of the actual cost incurred in the books; Valuation sought is not as per law.*
6. *Difference in the cost as recorded in the books is less than 15% of the valuation report.*
7. *Incorrect addition sustained by the Id. CIT(A) setting aside the fact that the report was framed on the basis of incorrect measurements.*
8. *The Appellant craves leave to add, alter, vary, omit, substitute or amend the above statement of facts at any time before or at the time of hearing of the appeal.”*

6. Heard the contentions of both the parties at length and perused the material available on record. It is an admitted position that the AO during the course of appellate proceedings before Ld. CIT(A), has accepted the defects pointed out by the assessee. Further, Ld. CIT(A) has considered the measurement of the house as per the report of the AO and the expenses for construction are taken on the basis of Profit & Loss Account. Ld. CIT(A) bifurcated the total cost of construction in two financial years in the ratio of cost of construction recorded in the books of account and benefit of self-supervision @ 7.5% was allowed. After considering the deductions, cost of construction was estimated at INR 2,03,07,193/- as against the cost recorded in the books of accounts at INR 1,51,04,572/- and estimated by DVO at INR 2,54,800/-. Here it is relevant to state that lower authorities have considered the CPWD rates for estimation of cost of construction and further deduction on account of self-supervision was given @7.5%. It is settled law that as against the CPWD rates, State PWD rates should be adopted which are much

nearer to the local market rates and further since the assessee has not employed any technical persons for supervision, deduction towards self-supervision @ 15% should be allowed. If the deduction on account of difference between the rates as per CPWD instead state PWD rates is allowed and further, the deduction @15% for self-supervision is given as against 7.5%, there would be no difference remained in the cost of construction declared by the assessee and cost estimated by AO/DVO.

7. The Hon'ble Supreme Court in the case of **Sunita Mansingha Vs CIT** reported in **[2017] 3 SCC 0152 (SC)** vide order dated **29.03.2017** has held that for the purpose of valuation of property, local rate should be applied and not CPWD rates. Thus, by respectfully following the aforesaid judgement of Hon'ble Supreme Court in the case of Sunita Mansingh (supra), we direct the AO to give the credit of 25% being the difference between the CPWD rates and State PWD rates from the cost of construction estimated by AO/DVO. Further, deduction on account of self-supervision @ 15% should be allowed. Accordingly, if the total additional deduction on account of difference between CPWD rates and State PWD rates of 25% and additional deduction of 7.5% on account of self-supervision is given from the cost of construction estimated at INR 2,03,07,193/- by ld. CIT(A), as against the difference of 34% worked out by Ld. CIT(A) the same would be reduced to 1.5% only [34% -(25% + 7.5%)] which is very negligible and fallen within the tolerance limit of +(-)

5%. Accordingly, no addition is required to be made on account of cost of construction.

8. In the light of above discussion, all the Grounds of appeal raised by the assessee are allowed and all the Grounds of appeal raised by the Revenue are dismissed.

9. In the final result, appeal of the Revenue in **ITA No.180/DDN/2024** [Assessment Year 2019-20] is dismissed and appeal of the assessee in **ITA No.181/DDN/2024** [Assessment Year 2019-20] is allowed.

Order pronounced in the open Court on 08.04.2026.

**Sd/-**

**(SATBEER SINGH GODARA)**  
**JUDICIAL MEMBER**

**Sd/-**

**(MANISH AGARWAL)**  
**ACCOUNTANT MEMBER**

**Date:- 08.04.2026**

*\*Amit Kumar, Sr.P.S\**

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