

Date of possession of new flat to be considered to calculate threshold limit to allow sec. 54F deduction: ITAT

FACT OF THE CASE

1. The assessee sold agricultural land vide registered sale deed dated 28-12-2007, and net long term capital gain from the sale of the said land was deposited in Capital Gain Account Scheme.
2. After that, a search operation was conducted under section 132 at the business premises of a group wherein various documents belonging to the assessee were found and seized. A notice under section 153C was served upon the assessee, and he filed a revised return of income claiming deduction under section 54F.
3. Assessing Officer (AO) believed that the actual date of land sale was 28-12-2007, but the residential flat was purchased on 12-12-2006 as per sale deed, and since the flat was not purchased within one year of sale of land, the claim was made under section 54F could not be allowed. Thus, he added back the deduction claimed under section 54F.
4. The Commissioner (Appeals) confirmed the view taken by the AO. Aggrieved-assessee filed the instant appeal before the Tribunal.'

DECISION OF THE CASE

1. The Tribunal held that the revenue authorities had claimed that the flat was purchased on 12-12-2006, and the assessee claimed that the date of purchase was 10-2-2007. This was the only point of difference between the revenue authorities and assessee.
2. From the perusal of records, it was found that the registered sale deed was executed on 12-12-2006. Still, possession of the said flat was given to the assessee on 10-2-2007. The transfer of residential flat in favour of the assessee was completed only when the possession was given, i.e. 10-2-2007.
3. On adopting the date of purchase of flat on 10-2-2007, the assessee's claim for section 54F would be valid as it was within one year. Therefore, the assessee had rightly claimed the deduction under section 54F for the purchase of residential flat.