

**IN THE INCOME TAX APPELLATE TRIBUNAL
"B" BENCH, Ahmedabad
BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
Ms SUCHITRA KAMBLE, JUDICIAL MEMBER**

ITA No.1911/Ahd/2025
(Assessment Year: 2016-17)

Nirmalaben Kamleshbhai Contractor, At & Post Sama Gam, Near Gujarati School, Jalaram Mandir, Chhani Rd., Vadodara-390024. [PAN : AMIPC4384 K]	Vs.	Assessment Unit, Income Tax Department, Current Jurisdiction AO Income Tax Officer, Ward 1(3)(1) Vadodara.
(Appellant)	..	(Respondent)
Appellant by :	Shri Sanjay R Shah, AR	
Respondent by:	Shri Abhijit, Sr. DR	
Date of Hearing	19.02.2026	
Date of Pronouncement	27.02.2026	

ORDER

PER SUCHITRA KAMBLE, JUDICIAL MEMBER:-

This appeal has been filed by the Assessee against the order dated 19.08.2025 passed by the Commissioner of Income-Tax (Appeal)/National faceless Appeal Centre(NFAC), Delhi relevant to the Assessment Year 2016-17.

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

1. *The learned CIT(Appeal) erred in law and on facts in considering deemed cost of property as on 01.04.1981 at Rs.18,07,032/- as determined by DVO in place of Rs.37,84,000/- adopted by the Appellant on the basis of registered approval valuer's report, inspite of the fact that the said value of registered valuer was accepted in the assessment of C-owner of the property. It is submitted that it be held now and the*

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deemed cost of acquisition at Rs.37,84,000/- be considered for the purpose of computation of capital gain.

2. *The Learned CIT(Appeals) erred in law and on fact in rejecting the claim of Appellant for deduction u/s.54EC for a sum of Rs.50,00,000/- invested in REC bonds on the ground tht the said investment was not made within the time frame specified u/s.54EC of the Act and thus disallowing the deduction. It is submitted that the deduction claimed by the Appellant u/s.54EC, in the facts and circumstances of the case, should have been granted to the Appellant. It is submitted that it be so held now.*
3. *The appellant reserves the right to add, alter or amend any of the grounds of appeal.*

3. The assessee filed return of income for Assessment Year 2016-17 on 23.07.2016 declaring total income at Rs.2,03,050/-. As per the information received, the Assessing Officer observed that the assessee sold immovable property with two other co-owners for consideration of Rs.5,55,00,000/- on 13.07.2015. The assessee did not disclose the said capital gains in her return of income. Accordingly, notice u/s. 148 of the Act was issued and in response to the said notice the assessee filed return of income on 12.08.2022, declaring total income of Rs.2,03,050/-. In the schedule of the return of income, capital gain was declared to the extent of full value of consideration adopted as per section 50C of the Act for the purpose of capital gains at Rs.1,85,42,000/-. As per return filed u/s.148 of the Act, the cost of acquisition with indexation was declared Rs.1,36,35,010/-. Thus capital gain amount of Rs.49,06,990/- was declared by the assessee which was further claimed as deduction u/s.54EC of the Act. The Assessing Officer held that the market value of the property as per DVO was Rs.6,45,24,490/- and the assessee claimed that fair market value, as determined by the DVO is higher and requested to adopt value amount of Rs.5,56,26,000/- determined in the case of other co-owners by the DVO. The Assessing Officer computed long term capital gain at

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Rs.1,20,30,661/-, the Assessing Officer further disallowed deduction u/s.54EC of the Income Tax Act thereby stating that assessee received an amount of Rs.3,58,00,000/- as on 13.07.2015 i.e date of transfer whereas the investment made by the assessee on 11.04.2018 in the Rural Electrification Corporation limited bond only. Thus, the assessee failed to make investment in specific bond within the stipulated time as per section 54EC of the Act i.e period of 6 month from the date of such transfer.

4. The assessee filed appeal before the Ld.CIT(A). The Ld.CIT(A) dismissed the appeal of the assessee.

5. The Ld.AR submitted that in the case of other co-owners, the Assessing officer treated the capital gains differently in their respective cases, taking amounts of Rs.45,17,914/- and Rs.49,06,990/- respectively. The details are shown in following chart:

Comparison of capital gain assessed in the case of three equal co-owners

1	Name of Assessee	Maniben D, Makwana - Mother (1/3 share)	Neelaben J. Parmar (Sister) (1/3 share)	Nirmalaben K. Contractor (Assessee) (1/3 share)
2	Date of assessment order & rectification order	29.09.2021 & 03.03.2022	22.05.2023	29.11.2023
3	Page No. of Paper Book	121 r.w. 101	179	--
4	Capital Gain assessed. (7-6)	Rs.45,17,914/- (Page 123)	Rs.49,06,990/- (Page 185)	Rs.1,20,30,661/- (Page 10 & 11 of AO)
5	Deemed cost of acquisition on 01.04.1981	Rs.12,61,333/- (1/3 of Rs.37,84,000)	Rs.12,61,333/- (1/3 of Rs.37,84,000)	Rs.6,02,344/- (1/3 of Rs.18,07,032) //
6	Indexed cost of acquisition (Index factor 1081/100) FY 2015-16	Rs.1,36,35,010/- (Page 123 r.w. 102)	Rs.1,36,35,010/- (Page 182)	Rs.65,11,339/- (Page 10 of AO)
7	Sale consideration	Rs.1,85,42,160/- (1/3 of Rs.5,56,26,000/-)	Rs.1,85,42,160/- (1/3 of Rs.5,56,26,000/-)	Rs.1,85,42,160/- (1/3 of Rs.5,56,26,000/-)

6. The Ld.AR submitted that the same treatment as given in assessee's co-owner by the Revenue should be taken into account. Besides this the Ld.AR further submitted that the AO has categorically mentioned in the Assessment Order that the DVO has adopted the value of land at Rs.5,56,26,000/- and not that of market value of the property for stamp duty i.e 6,45,24,490/-. The Ld.AR submitted that the deemed cost of acquisition as on 01.04.1981 was only of Rs.6,02,344/- as in deed assessee 1/3 share and index cost of acquisition for Assessment Year 2016-17 was that of 65,11,339/-. Thus, the Ld.AR submitted that valuation adopted by the Assessing Officer defers significantly from the valuation accepted for other co-owners and therefore there is no consistency at all. The Assessing Officer has also not given DVO's report to the assessee at any juncture upon which the assessee would have commented before the conclusion of the assessment. The DVO has reduced the fair market value of Rs.18,07,032/- from the Rs.37,84,000/- Thus the Assessing Officer was not right in making addition thereby rejecting long term capital gain at Rs.49,06,990/-.

7. With regard to the disallowance in respect of Exemption u/s.54EC of the Act, the assessee received the amount and within reasonable time, made investment in the RECL Bonds on 11.04.2018. Since the consideration last received was on 13.03.2018, the assessee has rightly made the investment within the prescribed period.

8. The Ld.DR submitted that as regard to first issue, the DVOs has rightly calculated the amount at Rs.18,07,032/- for the deemed cost of acquisition dated 01.04.1981 and the index cost of acquisition at Rs.65,11,339/-. The Assessing Officer has given a categorical findings that the Stamp Duty Valuation Officer has determined higher value and in fact admitted to adopt the value of the DVO. Thus, the Ld.DR relied upon the assessment order and order of the Ld.CIT(A).

9. Regarding the second issue the ld.DR relied upon the Assessment Order and order of the Ld.CIT(A).

10. We have heard both the parties and perused the material available on record. It is pertinent to note that the assessee is a 1/3 of co-owner of the said property and it is an admitted fact that the sale consideration was determined at 5,56,26,000/-. In the co-owners cases of the assessee i.e Maniben D Makwana and Neetaben J Parmar, the deemed cost of acquisition as on 01.04.1981 was treated at Rs.37,84,000/-. Therefore, adopting lesser amount in assessee's case without any cogent reason was not justified. Thus, the long term capital claimed by the assessee at Rs.49,06,990/- was justifiable as per the computation given by the assessee which is reproduced at page no. 4 of the Assessment Order. Thus, ground no.1 is allowed.

11. As regards to ground no.2 the assessee has invested the sale consideration to the extent of Rs.50,00,000/- on 30.04.2018 (11.04.2018) as the sale consideration last received on 13.03.2018. Thus, within the 47 days the assessee has invested the said amount therefore the deduction

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u/s. 54EC is rightly claimed by the assessee. Ground no. 2 is allowed by the assessee.

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

The order is pronounced in the open Court on 27.02.2026.

**Sd/-
(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

**Sd/-
(SUCHITRA KAMBLE)
JUDICIAL MEMBER**

(True Copy)
Ahmedabad; Dated 27.02.2026

**mv

आदेश की प्रतिलिपि अग्रेषित / 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, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार / BY ORDER,

**सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad**