

आयकर अपीलीय अधिकरण 'डी' न्यायपीठ, चेन्नई।
**IN THE INCOME TAX APPELLATE TRIBUNAL
'D' BENCH: CHENNAI**

श्री गगन गोयल, लेखक सदस्यके समक्ष
श्री मनु कुमार गिरि, न्यायिक सदस्य एवं
**BEFORE SHRI GAGAN GOYAL, ACCOUNTANT MEMBER AND
SHRI MANU KUMAR GIRI, JUDICIAL MEMBER**

आयकर अपील सं./ITA No 4128/Chny/2025

निर्धारण वर्ष/**Assessment Year: 2015-16**

Ramatas Revathi, 5, Kothar Street, Kottaiyur, Karaikudi, Tamil Nadu-630003	v.	The Income Tax Officer, Ward-1, Karaikudi-630001
[PAN: AFDPR 2416 K]		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant/Assessee by	:	Mr. T. Vasudevan, Adv.
प्रत्यर्थी की ओर से /Respondent by	:	Ms. M. Subashri,JCIT
सुनवाई की तारीख/Date of Hearing	:	12.05.2026
घोषणा की तारीख /Date of Pronouncement	:	10.06.2026

आदेश / ORDER

PER MANU KUMAR GIRI, JM:

The captioned appeal filed by the Assessee is directed against the order of the Ld. Commissioner of Income Tax (Appeals), NFAC, Delhi, [CIT(A)] dated 18.11.2025 for Assessment Year 2015-16.

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

- 1.The order of the Commissioner of Income Tax(Appeals) NFAC dismissing the appeal is contrary to law, erroneous and unsustainable on the facts of the case.
- 2.The CIT(A) NFAC erred in confirming the addition of Short Term Capital Gains of Rs. 1,05,00,000/-.
- 3.The CIT(A) NFAC was not justified in treating the cost of construction details given by assessee as an additional evidence and refusing to



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give the benefit of indexation on the construction cost incurred by assessee in 2003.

- 4. The CIT(A) NFAC having held that the sale deed was a public document and not additional evidence, also ought to have seen that Annexure 1-A providing details of the construction on the land forms part of the sale deed and hence the construction details filed by assessee cannot be treated as additional evidence to deny the benefit of indexation to compute the capital gains.*
- 5. The CIT(A) NFAC further failed to appreciate that assessee is statutorily entitled to the benefit of indexation on the cost of construction of the property under sec.48 of the Act and the denial of the same on flimsy reason was uncalled for.*
- 6. The CIT(A) NFAC further failed to appreciate that assessee had correctly worked out and claimed the capital loss of Rs.40,91,872 and hence confirming the addition to capital gains by denying the indexation on cost of construction of the building is wholly arbitrary and unjustified.*
- 7. The CIT(A) NFAC, in any event, ought to have considered the contentions of assessee in the proper perspective, deleted the addition to capital gains and accepted the income returned by assessee.*

3. Brief facts of the case are that the assessee, an individual, sold an immovable property situated at Karaikudi during the financial year 2014-15 relevant to assessment year 2015-16 for a total consideration of Rs.1,05,00,000/- under a registered sale deed dated 05.05.2014. Subsequently, information regarding the sale transaction was received by the Department. A notice u/s. 148A(b) of the Income Tax Act, 1961 was issued on 25.03.2022 proposing to treat the sale consideration as income chargeable to tax which had escaped assessment. The notice was initially returned unserved with the postal endorsement "Insufficient Address" and was thereafter served by affixture.

4. As the assessee had no knowledge of the proceedings, no response was filed to the notice u/s. 148A(b). Thereafter, the Income Tax Officer passed an order u/s. 148A(d) dated 11.04.2022, wherein it was recorded that a copy of the sale deed had been obtained from the Sub-Registrar Office, Karaikudi pursuant to enquiries conducted u/s. 148A(a) of the Act. Notice u/s. 148 was also issued.



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5. In response, the assessee filed a return of income on 30.11.2023 declaring LongTerm Capital Loss (LTCL) of Rs.40,91,872/-. The loss was computed after claiming indexed cost of acquisition of land and indexed cost of construction of the building standing on the land. The assessee claimed that the property comprised both land and a building constructed thereon and accordingly computed the indexed cost in accordance with section 48 of the Act.

6. The Assessing Officer (AO) completed the reassessment u/s. 147 r.w.s 144B vide order dated 06.03.2024. Though the computation of capital loss furnished by the assessee was extracted in the assessment order, the AO observed that the assessee had neither provided the sale deed nor furnished documentary evidence in support of the claimed cost of acquisition and cost of improvement/construction. Holding that the assessee had failed to substantiate the indexed cost claimed, the AO rejected the computation of LongTerm Capital Loss and treated the entire sale consideration of Rs.1,05,00,000/- as ShortTerm Capital Gain, thereby making an addition of the said amount.

7. On appeal, the Id.CIT(A), vide order dated 18.11.2025, partly accepted the assessee's contentions. The Id.CIT(A) observed that the purchase deeds and title documents constituted public documents and therefore could not be treated as additional evidence. According to the Id.CIT(A), the AO could have obtained such documents independently. Accordingly, the Id.CIT(A) directed the AO to verify the purchase deeds and allow indexed cost of acquisition of land, if found correct.

8. However, with regard to the cost of construction of the building, the Id.CIT(A) held that the details furnished by the assessee constituted additional evidence. Since no petition under Rule 46A



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had been filed seeking admission of such evidence, the Id.CIT(A) declined to admit the same and held that the cost of construction could not be considered while computing capital gains. Consequently, the benefit of indexation on the cost of construction was denied.

9. The Id. Authorised Representative (AR) submitted that there was no additional evidence furnished by the assessee either before the Id.CIT(A) or before the Tribunal. It was contended that the AO himself had obtained the sale deed from the Sub-Registrar Office, Karaikudi, as specifically recorded in paragraph 4 of the order passed u/s. 148A(d). Therefore, the observation in the assessment order that the assessee had not furnished the sale deed was factually incorrect.

10. It was further submitted that Annexure 1-A formed an integral part of the registered sale deed and was therefore part of the public document already available with the Department. The annexure specifically recorded that the building standing on the property was 12 years old and also mentioned the value of the building at Rs.73,33,440/-. Thus, the existence, age and value of the building were evident from the very sale deed obtained by the Department.

11. The Id. AR contended that once the Id.CIT(A) accepted that the sale deed was a public document and not additional evidence, there was no justification for treating the details relating to the building contained in Annexure 1-A as additional evidence. It was argued that the cost of construction was clearly discernible from the sale deed and the supporting plan approval filed merely corroborated the information already available on record.

12. It was therefore submitted that the assessee was entitled to indexation of the cost of construction u/s. 48 of the Act and that the



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denial of such statutory benefit had resulted in an erroneous computation of capital gains. The assessee prayed that the computation of Long-Term Capital Loss of Rs.40,91,872/- be accepted.

13. The Id. Departmental Representative (DR) supported the orders of the lower authorities. It was submitted that the assessee had failed to furnish proper documentary evidence before the AO in support of the cost of construction claimed. The Id.CIT(A) had rightly treated the details relating to construction as additional evidence and declined to admit the same in the absence of compliance with Rule 46A. It was further contended that the burden to establish the cost of acquisition and cost of improvement rested upon the assessee and, having failed to discharge the same before the AO, the assessee could not seek relief at the appellate stage.

14. We have considered the rival submissions and perused the material available on record. The undisputed factual position is that the AO had obtained the registered sale deed from the office of the Sub-Registrar, Karaikudi during the proceedings u/s. 148A. This fact stands specifically recorded in the order passed u/s.148A(d). Therefore, the observation made in the assessment order that the assessee had not furnished the sale deed is contrary to the material available on record. We further find that Annexure 1-A forms an integral part of the registered sale deed. The annexure contains particulars of the property transferred, including details relating to the building standing on the land. The annexure specifically mentions that the building was about 12 years old and also records the value attributable to the building. Therefore, the details regarding the existence, age and value of the building were already available in the public document obtained by the Department. The



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CIT(A), while holding that the sale deed and related title documents were public documents and not additional evidence, adopted an inconsistent approach in treating the details regarding construction as additional evidence. Once Annexure 1-A forms part of the registered sale deed itself, the particulars contained therein cannot be segregated and treated as fresh evidence requiring admission under Rule 46A.

15. The benefit of indexation of cost is a statutory consequence flowing from section 48 of the Act. Where the material necessary for determining the cost of acquisition and cost of improvement is already available on record, such benefit cannot be denied on hyper-technical grounds. The plan approval and other supporting documents relied upon by the assessee merely corroborate the particulars already contained in the registered sale deed and its annexure.

16. In the facts of the present case, we are satisfied that the assessee has established that the property sold comprised both land and a building and that the details regarding the building were available in the registered sale deed itself. Therefore, the indexed cost of construction is required to be considered while computing capital gains.

17. Accordingly, we hold that the authorities below were not justified in denying the assessee the benefit of indexation on the cost of construction. The computation of capital gains shall be recomputed by considering the indexed cost of acquisition of land as well as the indexed cost of construction in accordance with law. Consequently, the addition of Rs.1,05,00,000/- made by treating the entire sale consideration as ShortTerm Capital Gain cannot be sustained.



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18. The orders of the lower authorities, to the extent they deny indexation on the cost of construction, are set aside. The AO is directed to accept the indexed cost of acquisition and indexed cost of construction as supported by the registered sale deed and Annexure 1-A and re-compute the capital gains accordingly. The grounds raised by the assessee are allowed.

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

Order pronounced in the open court on the 10th day of June 2026, in

Sd/-
(गगन गोयल)
(Gagan Goyal)

लेखा सदस्या/**ACCOUNTANT MEMBER**

Sd/-
(मनु कुमार गिरि)
(MANU KUMAR GIRI)

न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,

दिनांक/Dated: 10th June, 2026.

SNDP, Sr. PS

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF