IN THE INCOME TAX APPELLATE TRIBUNAL
“G” BENCH, MUMBAI
BEFORE SHRI PAWAN SINGH, JUDICIAL MEMBER&
SMT. RENU JAUHRI, ACCOUNTANT MEMBER
ITA No. 3724/MUM/2023 (AY: 2018-2019)
(*Physical hearing*)

ITO – 19(3)(1), Mumbai 405, Piramal Chambers, Parel, Maharashtra - 400012.	Vs	Sangeeta Nareshkumar Mehta 1701 & 1702, 17th Floor, Aakashdeep, V.P. Road, Maharashtra – 400004. [PAN: AGBPM8012F]
Appellant / Revenue		Respondent / Assessee

Assessee by	Shri Rajiv Khandelwal, CA
Revenue by	Shri Swapnil Choudhary, Sr. DR
Date of Institution	16.10.2023
Date of hearing	30.09.2025
Date of pronouncement	13.11.2025

<u>Order under section 254(1) of Income Tax Act</u>

<u>PER PAWAN SINGH, JM:</u>

1. This appeal by revenue is directed against the order of ld. CIT(A) dated 17.08.2023 for A.Y. 2018-19. The revenue has raised following grounds of appeal:

"1. Whether on the facts and in the circumstances of the case and in law, Ld. CIT(A) has erred in allowing the deduction u/s 54F of the Act, claimed by the assessee on unregistered residential property without appreciating the fact that the registered Sale Deed & payment of Stamp Duty was an exclusive & singular mode of legal purchase & assumption of ownership of immovable property in the year 2020 (Covid Period)?"

2. "Whether on the facts and in the circumstances of the case and in law, Ld. CIT(A) has erred in allowing the deduction u/s 54F of the Act, claimed by the assessee on unregistered residential property without appreciating the fact that no other mode or means other than registered Sale/Purchase deed & payment of stamp duty was valid in the year 2020 (Covid Period) and hence, in absence of the same, the fact of ownership *of new property purchased in the hands of claimant of deduction u/s 54F of the Act, was not established "*

3. "Whether on the facts and in the circumstances of the case and in law, Ld. CIT(A) has erred in allowing the deduction u/s 54F of the Act, claimed by the assessee on unregistered residential property, without appreciating the factthe documents presented by the assessee on evidence of ownership could not be sufficient for legal transfer of ownership of the property?"

4. "Whether on the facts and in the circumstances of the case and in law, Ld. CIT(A) was right in relying on the decision of HukumchandChoudhary Vs. ITO (2023) 152 Taxmann.com 334(Indore Trib), which was on different facts, wherein the issue was not of allowing the claim of 54F of the Act, where a property is not registered for calming 54F, but was on the accrual of Long Term Capital Gain in the year when Sale Agreement and possession receipt was produced by the assessee rather than in the year when the registration was done ?"

5. "The appellant craves leave to amend or to alter any ground or add a new ground, which may be necessary".

2. Rival submissions of both the parties have been heard and record perused. The learned Senior Departmental Representative (ld. Sr. DR) for the revenue submits that assessing officer while passing the assessment order disallowed exemption under section 54F of Income Tax Act. The assessee claimed such exemption on the basis of unregistered document about investment in new residential house. The assessee failed to furnish registered sale deed / title document for new house. The ld. CIT(A) accepted the appeal of assessee and allowed relief under section 54F. As per provisions of Transfer of Property Act, a sale of immovable property of having more than Rs. 100/- value is to be effected only through a registered instrument. Section 54 of Transfer of Property Act deals with sale of immovable property and section 17 of Registration Act mandates

registration of transaction of any instrument which create any right title or interest in immovable property. In absence of execution of sale deed, there was no valid transfer of ownership and the assessee has not eligible for exemption under section 54F. The case law relied by ld. CIT(A) is distinguishable on the fact and reliance on such decision in Balraj vs CIT 254 ITR 22 (Delhi) is misplaced. To support his submission, the ld. Sr. DR also relied upon the decision of Hon'ble Apex Court in Suraj Lamp & Industries Pvt. Ltd. vs State of Haryana (2012) 340 ITR 1 (SC). The ld. Sr. DR submits that in the said decision Hon'ble Apex Court held that immovable property can be lawfully transfer only by way of registered deed of conveyance.

3. On the other hand, ld. Authorised Representative (ld. AR) of the assessee supported the order of ld. CIT(A). The ld. AR of the assessee submits that language of section 54F speaks about purchase of new house and for availing benefit of beneficiary provision, it is not necessary that assessee should become registered owner of the property. If the assessee at the time of allotment or execution of agreement for purchase of a property within year from the sale asset invested sale proceed, it is sufficient for availing such beneficiary provision. The ld. CIT(A) appreciated the fact and allow relief to the assessee. The ld AR of the assessee also relied on CBDT Circular No. 471 of 1987. The ld. AR submits that he has filed details written submission before ld. CIT(A), which may be considered. The reliance in case of Suraj Lamp & Industries Pvt. Ltd. Vs State of Haryana

(supra) is misplaced. In the said case, there was dispute of title however, there is no dispute about such title, the assessee has invested the sale proceed of asset in a new asset within the period prescribed under the I.T. Act. The payment of money is not in fact disputed by assessing officer. The assessing officer disputed the claim of assessee only for want of registered instrument of new asset property.

4. We have considered the rival submissions of both the parties and have gone through the orders of lower authorities carefully. We find that the assessing officer disallowed the claim of deduction under section 54F only on the ground that copy of registered purchase deed is not furnished. We further find that before ld. CIT(A), the assessee filed a very details written submission as recorded on page no. 7 to 24 of impugned. The ld. CIT(A) on considering the facts of the case noted that the only issue involved in the appeal is about non-registration of new asset in the name of assessee. The ld. CIT(A) in para 7 of his order dated that there is no reference of ownership or registration in section 54F. The ld. CIT(A) by referring the decision of Delhi Tribunal in Sanjay Choudhary vs ITO in ITA No. 1274/Delhi/2020 and in Hukum Chand Choudhary vs ITO (2023) 152 taxman.com 334 (Indore Tribunal) held that mere non-registration of transaction cannot debar the assessee for claiming relief under section 54F.

5. We have independently examined the facts of the case and find that the assessing officer has not disputed payment/ investment in new house. The only basis of denial of exemption is not furnishing registered sale deed of

new house. We find that Hon'ble Delhi High Court in Balraj vs CIT (2002) 123 Taxman 290 (Delhi) held that where the assessee has paid a sum at the time of entering into an agreement for purchase of house property within year from the sale of another property he would be entitled to benefit provided under section 54 even though no registration within said period. We further find that Hon'ble Karnataka High Court in CIT Vs Sambandam Udai Kumar (2012) 345 ITR 389 (Kar) / (2012) 19 taxmann.com 17 (Kar) held that once it is demonstrated that consideration received on transfer of a capital asset is invested in a residential property, fact that transactions involved in purchase or construction of such residential property are not complete in all respects would not disentitle assessee from benefit of exemption under section 54F.

6. In view of the aforesaid factual and legal decision as discussed above, we do not find any merit in the grounds of appeal raised by revenue.
7. In the result, appeal of the revenueis dismissed.

Order was pronounced in the open Court on 13/11/2025.

Sd/-	Sd/-
RENU JAUHRI **ACCOUNTANT MEMBER**	**PAWAN SINGH** **JUDICIAL MEMBER**

MUMBAI, Dated: 13/11/2025
Biswajit

Copy of the order forwarded to:

(1) The Assessee;
(2) The Revenue;
(3) The PCIT / CIT (Judicial);
(4) The DR, ITAT, Mumbai; and
(5) Guard file.

By Order

Assistant Registrar
ITAT, Mumbai