

IN THE INCOME TAX APPELLATE TRIBUNAL
Hyderabad SMC Bench, Hyderabad
(Through Video Conferencing)
Before Smt. P. Madhavi Devi, Judicial Member

ITA No.1118/Hyd/2019		
Assessment Year: 2016-17		
Sri Sudeep Chandra Hyderabad PAN:ADVPS0668J (Appellant)	Vs.	Income Tax Officer Ward 14(1) Hydrabad (Respondent)
Assessee by:	Sri A.V. Raghuram	
Revenue by:	Sri A. Venkata Rao, DR	
Date of hearing:	19/04/2021	
Date of pronouncement:	28/04/2021	

ORDER

This is assessee's appeal for the A.Y 2016-17 against the order of the CIT (A)-6, Hyderabad, dated 27.05.2019.

2. Brief facts of the case are that the assessee individual, filed his return of income for the A.Y 2016-17 on 27.03.2018 admitting income of Rs.7,14,270/-. The case was selected for scrutiny under CASS and during the assessment proceedings u/s 143(3) of the Act, the Assessing Officer observed that the assessee, alongwith his mother, sold their house property admeasuring 875 sq. yards during the financial year 2015-16 at Banjara Hills Hyderabad, for a sale consideration of Rs.2,85,00,000 and that the assessee is a 50% shareholder. The Assessing Officer observed that the assessee has claimed deduction u/s 54F of the Act for a sum of Rs.3,87,85,200/- in respect of the house purchased jointly with his mother Mrs. Radhay Rani on 1.6.2016 having entered into an agreement for

construction of house with Jayabhen Properties (P) Ltd. The Assessing Officer observed that the assessee has claimed Rs.55.00 lakhs towards furnitures and fixtures including other fittings such as Air Conditioner, Sofa Set, Double Bed, Dining Table set and other interior fitting kitchen equipment etc., and also Rs.14,85,000/- as expenditure towards additional works in the house. The Assessing Officer disallowed the same holding it to be not for making the house habitable. He, therefore, only allowed the cost of acquisition and indexed cost of acquisition and cost of the improvement to the extent of Rs.1,59,00,100 being the assessee's share. Aggrieved, the assessee preferred an appeal before the CIT (A) who confirmed the order of the Assessing Officer and the assessee is in second appeal before the Tribunal by raising the following grounds of appeal:

"1. On the facts and in the circumstances of the case, the order of the learned Commissioner of Income Tax (Appeals)-6, Hyderabad, is perverse and unsustainable in law and on facts.

2. The CIT(A) erred in sustaining the disallowance of Rs.55,00,000 (appellant's share of Rs.27,50,000) which was paid to the vendor for acquiring the movables in the house property purchased by the Appellant along with his mother. The authorities below ought to have mentioned that the house property which included the interior fittings was purchased as complete unit and therefore the said cost could not have been disallowed.

3. The CIT(A) erred in sustaining the disallowance of Rs.14,85,000 made by the AO.

4. The authorities below failed to appreciate that Rs.5,00,000 of the above amount was paid to broker for purchase of new residential house and the balance amount of Rs.9,85,000 was incurred towards repair charges to make the residential house fit for occupation.

For these and other grounds that may be urged at the time of hearing, it is prayed that the Hon'ble Tribunal may be pleased to allow the appeal."

3. The learned Counsel for the assessee submitted that the assessee and his mother had purchased the house along with furnitures and fixtures and therefore, the entire expenditure incurred by the assessee was towards the composite purchase of the house and furniture and should be allowed in toto. He also submitted that there were certain expenditure towards electrical work, plumbing work etc., which are necessary for making the house habitable and therefore, at least such expenditure should have been allowed.

4. The learned DR, however, placed reliance upon the orders of the authorities below.

5. Having regard to the rival contentions and the material on record, I am of the opinion that the cost of acquisition is the price paid by the assessee for the purchase of the house and also the expenditure towards the repairs made by him to make the house habitable and no other expenditure is to be allowed u/s 54 of the Act. As regards the details of the expenditure furnished in page 31 of the paper book of the assessee which are being sought as exempt by the assessee, I find that except for the expenditure incurred by the assessee towards electrical, water leakage problem and plumbing work, no other expenditure is required to be incurred for making the house habitable. Assessing Officer is directed to allow the same as cost of improvement and allow the same, if found to be in order.

6. In the result, assessee's appeal is partly allowed for statistical purposes.

Order pronounced in the Open Court on 28th April, 2021.

Sd/-

**(P. MADHAVI DEVI)
JUDICIAL MEMBER**

Hyderabad, dated 28th April, 2021.

Vinodan/sps

Copy to:

S.No	Addresses
1	Sri Sudeep Chandra, Plot No.469/A Film Nagar, Road No.87, Jubilee Hills, Hyderabad 500096
2	Income Tax Officer Ward 14(1) Hyderabad
3	CIT (A)-6, Hyderabad
4	Pr. CIT -6, Hyderabad
5	DR, ITAT Hyderabad Benches
6	Guard File

By Order