

Claim of Sec. 54F exemption not to be rejected because assessee had association with builder

Summary – The Pune ITAT in a recent case of Lalitkumar Kesarimal Jain., (the Assessee) held that claim of Sec. 54F exemption cannot be rejected just because assessee had association with builder.

Facts

- Assessee earned long-term capital gain on sale of certain assets and filed its return claiming deduction under section 54F in respect of purchase of flat from builder.
- The Assessing Officer noted that was an interested party since he was closely known to the Builder and thus rejected assessee's claim.
- The Commissioner (Appeals) upheld the order passed by Assessing Officer.
- On second appeal:

Held

- The ITAT held that the facts of the present case are undisputed that the assessee had paid money to purchase the flat from the Builder.
- The only contention of the department is that the assessee is one of the associated parties in the same concern which was developing the project. This fact itself cannot deny the benefit under section 54F to the assessee when genuineness of all the transactions is not in doubt.
- In view of the aforesaid discussion, the order of the Commissioner (Appeals) is set aside and the benefit of exemption under section 54F is allowed to the assessee.