

Land rightly held as agricultural land on basis of evidence that it was put to agricultural operations before sale: HC

Summary – The High Court of Madras in a recent case of Mansi Finance Chennai Ltd., (the Assessee) held that where assessee earned profit on sale of land, in view of fact that land was classified as agricultural land in revenue records, it was given on lease for agricultural purpose and it had not been converted into non-agricultural land prior to sale, profit earned from sale of it could not be brought to tax

Facts

- During relevant year, assessee filed its return claiming that profit arising from sale of agricultural land was not liable to tax.
- The Assessing Officer on the basis of report of the Tahsildar, opined that land in question was a capital asset and, thus, profit arising on its sale was liable to tax as long-term capital gain.
- The Commissioner (Appeals) as well as the Tribunal noted that land was classified as agricultural land in the revenue records. Further, the assessee had given the land on lease for agricultural purposes. There was also no dispute that the impugned lands was not converted into non-agricultural land prior to the sale and therefore it retained its character as agricultural land till the time of the sale. Accordingly, the Assessing Officer was directed to treat the sale of impugned land as sale of agricultural land, exempt from tax.
- On revenue's appeal:

Held

- The orders of the appellate authority and the tribunal, are in accordance with the principles of law. All the contentions now raised before this Court, have been considered in detail. There is no rebuttal of the evidences produced before the appellate authority. No contra material is produced by the revenue before the final fact finding authority, the Tribunal.
- From the material on record, it could be deduced that the assessee has discharged his burden and proved that the lands were agricultural lands, at the time of transfer. Sufficient evidence has been adduced by the assessee, to prove that the subject lands have been put to agricultural operations before sale. Classification of the lands, in the revenue records, as agricultural lands, is not varied and that is a determinative factor.
- A substantial question of law does not arise on the findings of fact, unless it is substantiated that there is perversity. A question of fact, becomes a question of law, if the finding is either without any evidence or material or, if the finding is contrary to the evidence, or is perverse or there is no direct nexus between the conclusion of fact and the primary fact upon which that conclusion is based. But

it is not possible to turn a mere question of fact into a question of law by asking whether as a matter of law the authority came to the correct conclusion on a matter of fact.

- Going through the material on record, it is opined that the concurrent findings of fact, rendered by the Commissioner (Appeals) and the Tribunal, do not call for any interference, as no substantial question of law, is involved.
- In the result, revenue's appeal is dismissed.