

Purchase of two adjacent flats converted into single unit entitled to Sec. 54F relief

Summary – The High Court of Madras in a recent case of Abhijit Bhandari, (the Assessee) held that purchase of two adjacent flats converted into single unit will be entitled to Sec. 54F relief

Facts

- During relevant year, the assessee earned long-term capital gain arising from sale of shares. In order to avail the benefit of section 54F, assessee decided to invest the amount received in two residential flats located in a housing society which were adjacent to each other. The assessee also commenced the modification and renovation works to convert the two adjoining flats into a single residential unit. The assessee claimed deduction under section 54F in respect of amount invested in both flats by treating them as a single residential property.
- In course of a scrutiny assessment, the Assessing Officer allowed assessee's claim for deduction.
- The Commissioner, however, taking a view that flats purchased adjacent to each other could not be treated as one residential property, passed a revisional order rejecting assessee's claim for deduction.
- On appeal:

Held

- The HC stated that the view taken by the Assessing Officer in his order was a 'possible view' and, therefore, same cannot be categorized as erroneous view. In reaching his conclusion the Assessing Officer examined the survey report, all other connected documents and the materials provided by the Housing Society, etc. The documents point to the fact that flats in question were conjoined into one single residential unit and the same was approved by the Housing society.
- In view of the reasons stated above, there is no reason to interfere with the order. The revenue had not provided any additional material to hold a contrary view to the view already held in the present matter.
- In the result, the revenue's appeal is dismissed.