Reassessment order set aside since AO rejected assessee's objection without dealing with it: HC

Summary – The High Court of Madras in a recent case of Nallagonda Venkata Lakshmi Narasimha Prasaad., (the Assessee) held that Reassessment order would need to be set aside since AO rejected assessee's objection without dealing with it

Facts

- The assessee sold an immovable property and invested the sale consideration for purchase of a new residential house. Accordingly, the assessee claimed exemption under section 54F. The Assessing Officer granted the same.
- Subsequently, the Assessing Officer issued a reopening notice against the assessee on ground that the assessee was not entitled to the deduction since he owned more than one residential house on the date of transfer of the original asset. The assessee objected to the addition by stating that he was in possession of only one residential house during the relevant year and, therefore, he was entitled for deduction. However, the Assessing Officer, without disposing off the objections raised by the assessee, passed an assessment order withdrawing exemption granted to the assessee under section 54F.
- On writ:

Held

- The HC stated that in the instant case, the reason assigned by the Assessing Officer for proposing to withdraw the deduction allowed under section 54(F) is that the assessee owns more than one residential house on the date of transfer of the original asset. The assessee had tried to clarify that he did not own more than one residential house at the time of sale of the original asset. This specific objection has been overruled by the Assessing Officer without assigning any reasons and also there is no observation that there was no *iota* of doubt that the assessee owns more than two residential property on the date of sale.
- Thus the HC held that in the absence of consideration of the objections raised by the assessee it cannot be said that the impugned order is a speaking order.
- Accordingly, the writ petition stands disposed of.