

Section 54 relief not to be denied on ground that payment of new house was made from different bank a/c

Summary – The Chandigarh ITAT in a recent case of Keshav Dutt Shreedhar, (the Assessee) held that Section 54 relief not to be denied on ground that payment of new house was made from different bank account

Facts

- The assessee was sold a residential house property and invested the proceeds for purchasing a new house property. Accordingly, the assessee claimed deduction under section 54. Same was granted.
- Notice was issued u/s 154 where the AO stated that the section 54 is not allowable since the assessee has used funds in a different bank account while making the investment in the newly acquired property.
- On appeal, the Commissioner (Appeals) also upheld the findings of the Assessing Officer.
- On appeal:

Held

- The ITAT held that from the record it is clear that on account of sale of a specific property, capital gains of certain amount arose to the assessee.
- The only ground the revenue is taking while not allowing the deduction is that the assessee used a different bank account to make the new investment. There is no such requirement in Law as the position being adopted by the AO and hence the addition made by way of a disallowance cannot be upheld.