

Sec. 54F exemption allowed if new house purchased till due date of filing belated ITR

Summary – The Delhi ITAT in a recent case of Smt. Vatsala Asthana, (the Assessee) held that Sec. 54F exemption would be allowed if new house is purchased till due date of filing belated ITR

Facts

- In the return of income the assessee declared long-term capital gain arising from sale of plot of land and claimed deduction under section 54F in respect of amount of sale consideration invested in purchase of new residential house.
- The Assessing Officer allowed assessee's claim for deduction under section 54F to the extent amount paid for purchase of new asset till due date of filing of return of income under section 139(1) but did not agree with the assessee's plea that provisions of the section 54F being beneficial provisions for promoting construction of the residential house, the due date for filing of return of income should be considered as per section 139(4) of the Act, *i.e.*, belated return and payment made till that due date should have been allowed for deduction under section 54F of the Act.
- The Commissioner (Appeals) rejected assessee's plea and, consequently, amount of deduction allowed by Assessing Officer was upheld.
- On second appeal:

Held

- The ITAT stated that the contention of the assessee is that the due date of the filing of the return of income should be reckoned as under section 139(4) of the Act, whereas according to the revenue, the due date of the filing of the return of income should be as per section 139(1) of the Act.
- Based on the various earlier decided cases, the ITAT held that the payment made by the assessee towards purchase of residential house up to the due date of filing of the return of income prescribed under section 139(4) of the Act is allowable for considering deduction under section 54F of the Act.
- In the result, the appeal of the assessee is allowed.