



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 23-02-2026

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THE HON'BLE DR.JUSTICE ANITA SUMANTH

AND

THE HON'BLE MR.JUSTICE MUMMINENI SUDHEER KUMAR

TCA Nos. 490, 492 and 493 of 2011 and 527 OF 2014

The Commissioner of Income Tax
Business Ward XV, Chennai.

..Appellant in
TCA.No.490, 492 and
493 of 2011

The Commissioner Of Income Tax,
Chennai.

..Appellant in
TCA.No.527 of 2014

Vs

Ravikumar-HUF,
No.11, Temple Avenue, Sai Nagger Colony,
Saidapet, Chennai -600015

..Respondent in
TCA.No.490 of 2011

1. Smt S.Rukmini (died)
No.11, Temple Avenue, Sai Nagger Colony,
Saidapet, Chennai -600015
2. S.Sekar
199, St.Marys Road, Alwarpet,
Chennai 18.
3. N.Kumari
199, St.Mary's Road,



Alwarpet, Chennai 18.

4. K.S.Ravikumar
199, St.Marys Road,
Alwarpet, Chennai 18.

5. Chandar
199, St.Marys Road,
Alwarpet, Chennai 18.

6. S.Prabha
199, St.Marys Road,
Alwarpet, Chennai 18.

[Sole Respondent Died. R2 to R6
are brought on record as LRS of
deceased R1 vide order of this
Court dated 18.12.2025 made in
CMP.Nos. 32440, 32441 and 32444
of 2025 in TCA.No.492 of 2011]

..Respondents in
TCA.No.492 of 2011

Sekar, HUF,
199, St.Mary's Road, Alwarpet, Chennai-18.

..Respondent in
TCA.No.493 of 2011

Vs

Smt Kumari Narasingan
No. 38, New Thandavarayan Street,
Chennai 600 021.

..Respondent in
TCA.No.527 of 2014

Common Prayer: Appeals filed under Section 260A of the Income Tax Act, 1961 against ITA.Nos.1078/Mds/2009, 1080/Mds/2009, 1094/Mds/2009 and 1143/Mds/2009 on the file of the Income Tax Appellate Tribunal, Madras 'D'



Bench and Madras 'B' Bench, Chennai and dated 26.04.2011 and 18.11.2011 for the Assessment Year 2006-2007.

TCA.No.	For Appellant	For Respondents
490 of 2011	Mrs.V.Pushpa Senior Standing Counsel	Mr.A.S.Sriraman
492 and 493 of 2011	Dr.S.Sathiyarayanan Senior Standing Counsel	Mr.A.S.Sriraman
527 of 2014	Mr.J.Narayanaswamy Senior Standing Counsel	Mr.A.S.Sriraman

COMMON JUDGMENT

(Judgment of the Court was delivered by Dr.Anita Sumanth J.)

This common order disposes four Tax Case (Appeals), involving orders dated 26.04.2011 and 18.11.2011 of the Income Tax Appellate Tribunal (Tribunal).

2. The substantial questions of law admitted on 10.11.2011 in T.C.(A)

Nos.490, 492 and 492 of 2011 are as follows:

1) Whether on the facts and in the circumstances of the case the Tribunal was right in deciding the land as agricultural land ignoring the material facts of layout, planning permission, gift deed, in violation of Section 2(13) of Income Tax Act?

2) Whether on the facts and circumstances of the case, the Tribunal was right in not following the law laid down in 35 ITR 594 of Apex Court?



3. The substantial questions of law admitted on 15.09.2014 in T.C.(A)

No.527 of 2014 are as follows:

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1) Whether on the facts and in the circumstances of the case the Income Tax Appellate Tribunal is right in holding that the land sold by the assessee as a co-owner was an agricultural land and not liable to be taxed?

2) Is not the finding of the Tribunal perverse especially when the CMDA had converted the land from agricultural zone to primary residential zone and permission for construction of the residential building was obtained and the Village Administrative Officer had clearly stated that the lands sold were situated within 8 Kms from the limits of Sholinganallur Town Panchayat which had a population of 15557 as per the latest census?

3) Whether the Tribunal is right in holding that on sale of land no capital gains arises especially when Section 2 (14)(iii) (b) of the Income Tax Act is attracted?

4. We have heard Mrs.V.Pushpa, learned Senior Standing Counsel for the appellant/revenue in T.C.(A) No.490 of 2011, Dr.S.Sathiyanarayanan, learned Senior Standing Counsel for the appellant/revenue in T.C.(A) Nos.492 and 493 of 2011, Mr.J.Narayanaswamy, learned Senior Standing Counsel for the appellant/revenue in T.C.(A) No.527 of 2014 and Mr.A.S.Sriraman, learned counsel for the respondent/assessee in all the appeals.

5. The assessment year (AY) in question is 2006-07. The facts in common as put forth by all the learned revenue counsel are that in the financial year relevant to assessment AY 2006-07, the assessee had sold 72 acres and 4 cents in Perumbakkam Village and 20 acres and 59 cents in Arasankazhani Village, totalling 92 acres and 63 cents (in short 'lands'/'lands in question') to



M/s.B.Seenaiah & Co. (Projects) Ltd., a real estate developer, for a total consideration of Rs.57,33,70,650/- under five sale deeds.

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6. There were originally six vendors, of whom four are before us. The appeals of the remaining two assesses, viz., T.C.(A) Nos.489 and 491 of 2011 have been dismissed as withdrawn on account of low tax effect.

7. The assessee had claimed benefit of exemption on the ground that the lands in question constituted agricultural land which was not a capital asset in terms of Section 2(14) of the Income Tax Act, 1961 (in short 'Act'). Overriding the claim, assessments came to be framed in all the cases bringing to tax the sale consideration and raising demands. The assessments were set aside in first appeal, which order has been confirmed by the Tribunal in second appeal.

8. Though there are concurrent findings in both the orders of the first and second appellate authorities, learned counsel for the revenue point out that the orders of both the Commissioner of Income tax (Appeals) and Tribunal are non-speaking in that they do not consider various critical aspects relating to the claim of exemption.

9. Secondly, the orders of assessment contain a categorical statement that no supporting documents had been produced by the assessee at the time of assessments. To quote the officer, *'However, the assessee could not produce the records like adangal, chitta etc., to supports the claim that agricultural*



activities were carried on the lands.’ However, and despite the non-production of any documents to substantiate the claim, both the appellate authorities have allowed the claim for exemption.

10. Before us, the assessee has filed a compilation dated 09.02.2026 containing 288 pages with the certification that *‘It is hereby certified that the documents enclosed in this TYPED SET are TRUE COPIES and are available in the records of the Income Tax Appellate Tribunal’*.

11. According to Learned Standing Counsel these documents were never produced before the authorities. Even assuming that they had, in fact, been produced at the time of appeal, the documents ought to have been accompanied by a petition seeking their admission. Neither the orders of the Commissioner of Income Tax (Appeals) nor the Tribunal refer to any such applications having been filed by the assessee and no opportunity to respond to such a petition had been given to the Department.

12. We had thus called for the records from the Tribunal and do not find therein any paper book filed by the assessee. However, in the order of assessment, we find reference to the agricultural land tax receipt for the year 2005. It is hence possible that some of the supporting documents might have been produced before the authorities piecemeal, and without following proper procedure of seeking admission of the same, or opportunity to the Departmental officer to verify the documents.



13. Learned Counsel for the Revenue has referred to enquiries made at the time of assessment, relating to plotting of the lands in question by the vendor Late Shri.K.Subramania Mudaliar, as early as in 1995. Lay out permission in 6174/94 and 297/95, both dated 08.09.1995 and planning permission No.374 & 375, both dated 08.09.1995 have admittedly been obtained from St.Thomas Mount Panchayat Union and Madras Metropolitan Development Authority (MMDA).

14. That apart, two gift deeds both dated 25.04.1994 have admittedly been executed, gifting a portion of land for development of roads and Open Space Reservation (OSR). It is hence the submission of the Revenue that, in such circumstances, there is no possibility for the assesseees to have carried on agricultural activities in the lands in question.

15. We have perused both appellate orders and agree with the Revenue that the orders suffer from gross non-application of mind. Both authorities have simply extracted the grounds and portions of the written submissions filed by the respondents and there is no reasoning in either order that indicates that the issues have been appreciated at all, let alone, in proper light.

16. There is yet another aspect of the matter. Section 2(14) of the Act, defines 'capital asset' and sets out certain parameters in relation to classification of the property. The provision reads thus:



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2. Definitions

(14)"capital asset" means —

....

(iii)agricultural land in India, not being land situate—

(a)in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand ; or

(b)in any area within the distance, measured aerially,—

(I)not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than ten thousand but not exceeding one lakh; or

(II)not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than one lakh but not exceeding ten lakh; or

(III)not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in item (a) and which has a population of more than ten lakh.

Explanation.—For the purposes of this sub-clause, "population" means the population according to the last preceding census of which the relevant figures have been published before the first day of the previous year;

17. According to the revenue, Perumbakkam and Arasankazhani villages fall within eight kilometres from the local limits of Sholinganallur Town Panchayat and this would support the classification of the lands in question as panchayats. Moreover, the population of the villages has also been verified by the assessing authority to be 527 (Arasankhazhani Village) 2630 (Perumbakkam Village).



18. In this context, Mrs. Pushpa refers to the amendment to Article 243Q of the Constitution of India dealing with constitution of municipalities, arguing that post this amendment, there was an exercise of re-classification of lands. In Tamil Nadu, the Tamil Nadu District Municipalities Act, 1920 and Tamil Nadu Panchayats Act, 1959 stood repealed and the Tamil Nadu Panchayats Act, 1994 and Tamil Nadu Urban Local Bodies Act, 1998 came into force (suspended by the Tamil Nadu Urban Local Bodies (Suspension of Operation) Act, 2000 and revived on 13.04.2023).

19. The argument is that the issue of classification of land has also not been looked into or decided in proper light by the appellate authorities. We find that there is no clarity even in the order of assessment in regard to this aspect of the matter. However, while the Assessing Authority has definitely engaged in an appreciable effort to marshal the necessary facts and assimilate them for the purpose of assessment, we cannot say the same about the appellate orders, as the orders of the Commissioner of Income Tax (Appeals) and the Tribunal are devoid of even the peripheral facts and discussion in regard to this issue.

20. In conclusion, we find that the appellate orders are non-speaking and demonstrate utter non-application of mind. That apart, we have already recorded that no proof is available to establish that all material supporting evidences were available before the appellate authorities to justify the conclusion they have arrived at. It is in the aforesaid circumstances that all learned counsel,



Mr.Sriraman, learned counsel for the assessee, Mrs.V.Pushpa, Dr.S.Sathiyarayanan and Mr.J.Narayanaswamy, learned Senior Standing

Counsel for the revenue seek a remand of the appeals to the file of the Commissioner of Income Tax (Appeals) to enable the matter to be looked into in detail, including on the points outlined in this order.

21. Hence, we set aside order of the Tribunal dated 26.04.2011 and 18.11.2011 and remand the matters to the Commissioner of Income Tax (Appeals), by restoring the appeals to his file. The appeals will be re-heard and we make it clear that all grounds have been left open to be adjudicated by the first appellate authority. The parties are also at liberty to produce evidences before the CIT(A) for his consideration.

22. These Tax Case (Appeals) are allowed by way of remand leaving the substantial questions of law unanswered. Bearing in mind the assessment year involved, 2006-07, we direct the Commissioner of Income Tax (Appeals) to complete the appeal hearings within a period of four (4) months from date of receipt of a copy of this order. No costs.

(A.S.M.,J.) (M.S.K.,J.)

23-02-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

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To

1. The Income Tax Appellate Tribunal, Madras B' Bench, Chennai.
2. The Income Tax Appellate Tribunal, Madras 'D' Bench, Chennai.

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DR.ANITA SUMANTH J.

AND

MUMMINENI SUDHEER KUMAR J.

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