IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH
****

204 **Date of Decision: 19.02.2026**

1. ITA-338-2006 (O&M)

INDERPAL SINGH AHUJA ...Appellant

Versus

THE ASSESSING OFFICER-CUM-A.C.I.T. & ORS. ...Respondents

2. ITA-117-2009 (O&M)

COMMISSIONER OF INCOME TAX ...Appellant

Versus

SH. INDER PAL SINGH AHUJA ...Respondents

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL
HON'BLE MR. JUSTICE AMARINDER SINGH GREWAL

Present:- Mr. Kshitij Sharma, Sr. Advocate with
Ms. Gurpreet Kaur Bhatti, Advocate
for the appellant *(in ITA-338-2006) and*
for respondent *(ITA-117-2009)*

Ms. Urvashi Dhugga, Sr. Standing Counsel with
Ms. Kavita, Advocate
for Income Tax *(in ITA-338-2006 and ITA-117-2009)*

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<u>JAGMOHAN BANSAL, J. (ORAL)</u>

1. As common issues are involved in the captioned appeals, with the consent of both sides, the same are hereby disposed of by this common order. For the sake of brevity and convenience, facts are borrowed from **ITA-338-2006.**

2. The appellant through instant appeal under Section 260A of Income Tax Act, 1961 (for short '1961 Act') is seeking setting aside of order dated 22.02.2006 passed by Income Tax Appellate Tribunal, Amritsar (for short 'ITAT') for Assessment Year 2002-03.

3. The appellant was owner of a piece of land situated in Village Hair, District Amritsar, Punjab. He vide seven registered sale deeds sold his land for a sum of Rs.22,10,500/-. Sale consideration of six sale deeds was Rs.19,03,000/- and of seventh was Rs.3,07,500/-. He earlier had entered into oral agreement to sell his 18 Acre land with two brothers namely Mr. Sukhvinder Singh and Mr. Gurvinder Singh (hereinafter referred as 'Sarkaria Brothers'). They deposited a sum of Rs.10,00,000/- in his account. The Assessing Officer formed an opinion that sale consideration disclosed by appellant is highly suppressed. The market price is on much higher side. He vide order dated 31.03.2004 framed assessment. He considered Rs.24,20,000/- per acre sale consideration of aforesaid land. Accordingly, determined liability of long-term capital gain and consequential tax liability. The appellant preferred appeal which came to be dismissed vide order dated 18.01.2005 passed by Commissioner of Income Tax (Appeals). He preferred further appeal before Tribunal which came to be dismissed vide order dated 22.02.2006. The Tribunal assessed sale consideration Rs.22,10,000/- per acre.

4. Learned Senior counsel for the appellant submits that Sukhvinder Singh and Gurvinder Singh deposited Rs.10,00,000/- in appellant's account towards Byana/Earnest Money. It was 25% of total sale consideration which is evident from cross-examination of Sarkaria Brothers. The respondent has further relied upon sale consideration of plotted colony against agriculture land of the appellant. The Authorities have further wrongly relied upon sale consideration paid by M/s K.R. Hotel for the purchase of adjoining agriculture land. The Revenue Authorities enhanced

Collectorate Rate from Rs.4.05 lakh to Rs.30 lakh per acre because of announcement of Airport in the adjoining area. The Collectorate rate was enhanced subsequent to sale of land in question.

5. *Per contra*, learned counsel for the respondent reiterated findings of authorities as well as Tribunal. She further submitted that Airport was declared prior to sale of land in question, thus, there was boom in the value of adjoining property. The land in question was abutting the road, thus, its value in view of changed circumstances could not be less than Rs.22,10,500/- per acre.

6. Heard the arguments and perused the record.

7. The appellant has raised following questions of law for the consideration of this Court:-

i. Whether the impugned orders Annexures P-1 to P-3 are legally sustainable, the same being without jurisdiction?

ii. Whether the impugned orders are legally sustainable being on perverse finding of fact?

8. The Tribunal has upheld order passed by Assessing Officer as well as CIT (Appeals). There are concurrent findings of fact. The Tribunal has held that there is no provision in 1961 Act which precludes Assessing Officer from substituting actual sale consideration for the sale consideration shown in the sale deeds, if there is evidence to show that assessee had indeed received higher sale consideration. Higher consideration cannot be construed as market value but is the price bargained by the parties. Thus, the argument of appellant that Assessing Authority had no jurisdiction to enhance sale consideration disclosed by assessee has been declined by Tribunal.

9. We find force in the findings of Tribunal. If contention of appellant is accepted, every unscrupulous assessee would disclose sale consideration as less as possible. It would lead to chaos and temptation to evasion of tax. This practice can neither be accepted nor approved by the Courts. Accordingly, it is hereby held that Assessing Officer had jurisdiction to revise/enhance declared sale consideration.

10. This Court under Section 260A can examine question of jurisdiction of Assessing Officer to enhance declared sale consideration. Having held that Assessing Officer had jurisdiction to enhance declared sale consideration for the purpose of assessment of capital gain, the question remains whether there was some evidence to reject declared value. The appellant is claiming that there was no concrete evidence to reject declared sale consideration and respondent has merely relied upon oral evidence. In the light of obtained facts, figures and arguments, we are not supposed to determine whether Rs.22,00,000/- per acre is correct value of land in question or not. We are supposed to examine whether there was evidence to reject declared value.

11. The Assessing Authority considered more than one evidence to hold that declared sale consideration was not correct amount. The Assessing Officer found that appellant at the first instance agreed to sell land in question to Sarkaria Brothers. They deposited a sum of Rs.10,00,000/- in his account. The appellant during the course of hearing pointing out cross-examination of Sarkaria Brothers pleaded that aforesaid amount i.e. Rs.10,00,000/- deposited by Sarkaria Brothers was 25% of total sale consideration. From the perusal of cross-examination of Sarkaria Brothers, it is evident that they had

disclosed that 25% of sale consideration was to be paid. They had not disclosed that Rs.10,00,000/- deposited by them represented 25% of sale consideration. In any case, if Rs.10,00,000/- is considered as 25% of sale consideration, the total consideration comes to Rs.40,00,000/- whereas appellant disclosed sale consideration Rs.22,10,500/-. This belies his stand.

12. The appellant was granted full opportunity to cross-examine Sarkaria Brothers. They categorically disclosed that Rs.22,00,000/- per acre was sale consideration of land in question. They duly disclosed their source of funds. There is no reason to disbelieve their statement especially when they supported their statement during cross-examination.

13. The respondent further brought on record that similar nature of land and located in the vicinity of land in question was sold about five years back @ Rs.7.84 lakh per acre. It was not possible to sell land in 2001-02 @ Rs.4.50 lakh per acre. Price of land ordinarily increases and in this case Airport was declared around the land in question, thus, there was no question of reduction in value of land.

14. The State Government in 2003 enhanced Collectorate rate from Rs.4.95 lakh to Rs.30 lakh per acre. The rate was increased about two years post period in question. State Government does not increase Collectorate rate the moment market price of land increases. Normally, it takes some time due to multiple procedural formalities. Increase in Collectorate rate from Rs.4.95 lakh per acre to Rs.30 lakh per acre was not normal or ordinary enhancement. It was due to exponential growth in the market price. This evidence vindicates stand of the Department.

15. Land adjoining the land of appellant was owned by his brother.

He during the period in question developed his land for residential purposes. He got approval from PUDA and spent Rs.37.43 lakh on development. Said land was subsequently sold at exorbitant price in comparison to value declared by appellant and even re-assessed by Assessing Officer. Said fact in isolation could not be relied upon, however, is corroborative evidence because no prudent man is going to sell his land at throw away price when adjoining land is under development and converted into residential plots.

16. In the wake of above facts and evidence, we are of the considered opinion that Department had sufficient evidence to form an opinion that there was mis-declaration of value and it was liable to be re-assessed. Once it is held that there was sufficient evidence to form an opinion that value declared by appellant was mis-declared and respondent has rightly enhanced declared value, there remains no need to dilate on the accuracy of determined amount because it is a pure question of fact.

17. In the wake of above discussion and findings, questions raised by appellant are answered against him.

<u>ITA-117-2009</u>

18. The Revenue has filed appeal against order dated 11.09.2008 whereby Tribunal has allowed appeal of the assessee-respondent. The appeal has been allowed on the ground of limitation. The Tribunal has held that penalty was imposed beyond the period of limitation prescribed by the Statute, thus, cannot sustain.

19. Learned counsel for the Revenue-appellant expressed her inability to controvert findings recorded by Tribunal.

20. There is no infirmity in the impugned order warranting

interference.

21. Appeals of assesee as well as Revenue stand dismissed.

22. Pending application(s), if any, also stands disposed of.

(JAGMOHAN BANSAL)
JUDGE

(AMARINDER SINGH GREWAL)
JUDGE

19.02.2026
Deepak DPA

Whether Speaking/reasoned: Yes/No
Whether Reportable: Yes/No