

ITAT disallows sec. 54EC exemption as assessee invested LTCG in fixed deposit instead of eligible bonds

INCOME TAX : Before amendment of section 54(1) by Finance (No. 2) Act, 2014 with effect from 1-4-2015, in a residence house, if multiple units were there, still assessee could claim benefit of exemption under section 54

INCOME TAX : In order to get benefit of exemption under section 54EC, amount of capital gains should be invested in eligible bonds

Section [54](#) of the Income-tax Act, 1961 - Capital gains - Profit on sale of property used for residence (Scope of provision) - Assessment year 2013-14 - A party acquired residential house property of assessee on 30-4-2012 - Assessee computed long-term capital gains and claimed exemption under section 54 for purchase of a new residential house property on 30-8-2012 - Assessing Officer opined that assessee was not entitled for exemption because new house property was having multiple units with separate kitchens, etc. - Whether in view of law laid down by various Courts that before amendment of section 54(1) by Finance (No. 2) Act, 2014 with effect from 1-4-2015, in a residential house, if multiple units were there, still assessee could claim benefit of exemption under section 54, assessee was entitled for exemption under section 54 in respect of purchase of new residential house property - Held, yes [Para 12] [In favour of assessee]

Section [54EC](#) of the Income-tax Act, 1961 - Capital gains - Not to be charged on investment in certain bonds (Scope of provision) - Assessment year 2013-14 - Assessee invested amount of long-term capital gains in fixed deposit with nationalized banks and claimed exemption under section 54EC - Whether in order to get benefit of exemption under section 54EC, assessee should invest amount of capital gains in eligible bonds - Held, yes - Whether since assessee had made investment in normal fixed deposit, she was not entitled for exemption - Held, yes [Para 13] [In favour of revenue]

Pl. click below link for the judgment:

<https://taxmann.com/research/direct-tax-laws/top-story/10101000000331910/itat-disallows-sec-54ec-exemption-as-assessee-invested-ltcg-in-fixed-deposit-instead-of-eligible-bonds-caselaws>

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