Desai Saksena & Associates

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Friday Tax Alert

From:

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Due date of filing ITRs for AY 2025-26 extended from July 31, 2025 to September 15, 2025

In view of the **extensive changes introduced in the notified Income Tax Returns (ITRs)** and considering the time required for system readiness and rollout of ITR utilities for Assessment Year (AY) 2025-26, the Central Board of Direct Taxes (CBDT) has decided to extend the due date for filing returns.

Accordingly, to facilitate a smooth and convenient filing experience for taxpayers, it has been decided by the CBDT that the due date for filing of ITRs, originally due on 31st July, 2025, is extended to 15th September, 2025. A formal notification to this effect will be issued separately.

The **notified ITRs for AY 2025-26 have undergone structural and content revisions** aimed at simplifying compliance, enhancing transparency and enabling accurate reporting. These changes have necessitated additional time for system development, integration and testing of the corresponding utilities. Furthermore, **credits arising from TDS statements,** due for filing by 31st May, 2025, are expected to begin reflecting in **early June**, limiting the effective window for return filing in the absence of such extension.

To determine maintainability of department appeal, tax effect is to be computed only based on additions made by AO: Delhi High Court

FACTS OF THE CASE:

1. The assessee filed an income tax **return declaring loss**. The **Assessing Officer enhanced the income** of the assessee and made additions to the returned loss.
2. The assessee challenged the additions before the **Tribunal**, which **ruled in favour of the assessee**, deleting the disputed additions.
3. On **appeal by revenue to the High Court**, the assessee filed instant **application praying to dismiss the appeal** on ground of **low tax effect as per CBDT Circular No. 9 of 2024 read with CBDT Circular No. 5 of 2024**.

CONCLUSION:

1. For determining the tax effect in accordance with paragraph 5.1 of the Circular No. 5 of 2024 dated 15-3-2024 as modified by the Circular No. 9 of 2024 dated 17-9-2024 it would be **necessary to refer to the assessment order**.
2. In the present case, the assessee had filed an income returning a loss, however, the Assessing Officer had enhanced the income of the assessee to reflect the assessed income at ₹1 crore. Thus, the **first step for calculating the tax effect would be to determine the quantum by which the returned loss is reduced**. In the present case, the entire returned loss of ₹ 4.54 crores has been wiped out by the additions made by the Assessing Officer and further the Assessing Officer has assessed the income at ₹ 91.07 lakhs. Thus, the total tax effect is to be determined on an amount of ₹ 5.45 crores [₹ 4.54 crores + ₹ 91.07 lakhs]. Concededly, the tax effect on the said amount is less than the stipulated limit of ₹2 crore.
3. The contention of the revenue that the losses assessed in the previous assessment years must also be taken into account as the carry forward of the same has been disallowed is unmerited. The machinery to compute the tax effect as posited in paragraph 5.1 of the aforementioned **Circular does not contemplate taking into account the observations made by the Assessing Officer in regard to the losses assessed in the previous years**

which have been carried forward. Thus, although the Assessing Officer in the present case has noted that the business losses of prior years amounting to ₹ 56.40 crore are also required to be disallowed. The same does not require to be included for the purposes of computing the tax effect under paragraph 5.1 of the aforementioned CBDT Circular.

4. In the aforesaid event, the **revenue is required to accept the decision of the Tribunal**, which is the subject matter of appeal in the present petition as final.
5. There is also no cavil that losses for prior assessment years cannot be disallowed without reopening of the assessments for prior years, which in this case have attained finality.
6. Accordingly, the **High Court allowed the application** of the assessee.

Commissioner of Income-tax, International Taxation vs. SIS Live - [2025] 174 taxmann.com 852 (Delhi)]

Different floors of a building can be considered as one residential house for exemption under section 54F: Delhi High Court

FACTS OF THE CASE:

1. The assessee filed her return of income for assessment year 2011-12 declaring an income of ₹ 70.87 lakhs. The assessee also **claimed a deduction of ₹ 90 crores under section 54F** of the Income Tax Act, 1961 (the Act) asserting that the consideration received from the sale of shares of FIITJEE Ltd. - an unlisted company, the gains from which would otherwise be chargeable to tax as capital gains - was invested in **acquiring a residential house property**.
2. The **reassessment proceedings** were initiated pursuant to a notice dated 30.03.2017 issued under Section 148 of the Act. The AO had reopened the assessment on the basis that the records of South Delhi Municipal Corporation (SDMC) indicated that the **Assessee owned more than one residential property on the date of the transfer of the shares of FIITJEE Ltd. [the original asset]** being the basement and second floor of the property. According to the AO, the basement and second floor were **required to be considered as two separate residential houses.**
3. The AO held that the Assessee had more than one residential unit on the date of transfer of the original asset and therefore, **disallowed the entire deduction claimed under Section 54F** of the Act.
4. Aggrieved by the assessment order dated 29.12.2017, the **Assessee filed an appeal before the learned CIT(A)**.
5. The **learned CIT(A) dismissed the Assessee's challenge to the disallowance under Section 54F** of the Act in terms of the order dated 18.03.2019 passed under Section 250 of the Act. The Assessee being aggrieved by the learned CIT(A)'s order preferred an appeal before the learned ITAT [being ITA 3426/Del/2019], which was **allowed by the learned ITAT by the impugned order.** The present appeal by the Revenue before the **High Court** is confined to the impugned order rendered in the context of the Assessee's appeal in ITA 3426/Del/2019.

CONCLUSION:

1. It is clear that separate floors of the singular house were purchased by the family members of the assessee. **The fact that different floors may be owned or partly owned would not detract from the fact that the portions owned were required to be considered 'one residential house'**.
2. In *CIT v. D. Ananda Basappa [2009] 180 Taxman 4/309 ITR 329 (Karnataka)*, the Karnataka High Court considered the admissibility of exemption under Section 54 of the

Act in a case where the Assessee had sold a residential house and purchased two adjacent apartments. **The Court held that "the expression 'a' residential house should be understood in a sense that building should be of residential in nature and 'a' should not be understood to indicate a singular number"**.

3. It is also relevant to refer to the decision of the coordinate bench of this court in *CIT v. Gita Duggal [2013] 30 taxmann.com 230/214 Taxman 51/357 ITR 153 (Delhi)/2013 SCC OnLine Del 752* where this court has held as under: -

    4. *"11. ... Section 54/54F uses the expression "a residential house". The expression used is not "a residential unit". This is a new concept introduced by the Assessing Officer into the section. Section 54/54F requires the assessee to acquire a "residential house" and so long as the assessee acquires a building, which may be* ***constructed, for the sake of convenience, in such a manner as to consist of several units which can, if the need arises, be conveniently and independently used as an independent residence, the requirement of the section should be taken to have been satisfied****. There is nothing in these sections which require the residential house to be constructed in a particular manner. The only requirement is that it should be for the* ***residential use and not for commercial use****.* ***If there is nothing in the section which requires that the residential house should be built in a particular manner, it seems to us that the Income-tax authorities cannot insist upon that requirement****. A person may construct a house according to his plans and requirements. .... We are therefore, unable to see how or why the physical structuring of the new residential house, whether it is lateral or vertical, should come in the way of considering the building as a residential house.* ***We do not think that the fact that the residential house consists of several independent units can be permitted to act as an impediment to the allowance of the deduction under section 54/54F. It is neither expressly nor by necessary implication prohibited.****"*

5. This court in *Mrs. Kamla Ajmera v. Pr. CIT [2024] 169 taxmann.com 119 (Delhi)/Neutral Citation No.: 2024:DHC:9342-DB*, referred to the decision in *Geeta Duggal (supra),* and held that in certain circumstances, multiple residential units may be considered as a single residential house for the purposes of exemption under Section 54F of the Act. The court observed as follows: -

    "39. This assumes significance in the backdrop of our opinion that the word 'a' used in Section 54F of the Act denotes ***one singular residence, along with the caveat that in case the floors or houses are so constructed as to be used as one singular unit or capable of being used as such, they may fall within the definition of a residential house****."*

6. In view of the above, there is **no infirmity with the decision of the Tribunal** in holding that the assessee could not be denied the deduction under section 54F on the ground that she holds more than one residential unit.
7. In view of the above, the High Court held that **no substantial question of law arises** in this matter & accordingly, **dismissed the appeal filed by the department**.

Principal Commissioner of Income-tax - Central vs. Lata Goel - [2025] 174 taxmann.com 535 (Delhi)