

The Pr. Commissioner of Income-Tax, Central & Anr. v. Bileshivale Muddanna Govardhana Murthy

Income Tax Appeal No. 141 of 2026

2026:KHC:48520-DB | 2026-09-08

Section 2(47)(v) / section 53A Transfer of Property Act & section 153A: LTCG additions of Rs. 79.61 lakh and Rs. 17.51 crore on ancestral HUF land under a Joint Development Agreement deleted where subsequent civil court partition decree allotted the JDA land to other family members and assessee's unconverted agricultural share remained untransferred.

Income-tax Act, 1961: sections 2(47)(v), 10(1), 45, 132, 153A and 260A | Transfer of Property Act, 1882: section 53A

High Court of Karnataka | 2-judge bench (Division Bench) | Vibhu Bakhru, CJ. | K. S. Hemalekha, J.

Assessment years: 2013-14

Factual finality based on subsequent civil court final partition decree dated 13.07.2019 and execution of subsequent agreement

The deletion of the section 2(47)(v) LTCG additions rested on two specific factual findings (paragraphs 5-8, PDF pp. 4-6): (1) a subsequent agreement had been executed, negating the premise that transfer had already been completed under the earlier JDA, and (2) under the final partition decree dated 13.07.2019 passed by the II Additional Senior Civil Judge, Bangalore (Rural), the land covered by the JDA fell to the share of other HUF members while the assessee continued to hold his own unconverted agricultural share.

01 FACTS OF THE CASE

Following a search under section 132 on 01.10.2013 in connection with the Telecom Employee Co-operative Housing Society Ltd. Group, a notice under section 153A was issued on 05.11.2014 to the respondent, Bileshivale Muddanna Govardhana Murthy. For AY 2013-14, the Assessing Officer made additions of Rs. 79,61,430 (in respect of 14.5 guntas in Survey No. 69/2, Bileshivale Village) and Rs. 17,51,16,294 (in respect of 7 acres 31.5 guntas across various survey numbers) towards long-term capital gains on the premise that a Joint Development Agreement (JDA) executed by the assessee and family members constituted a 'transfer' under section 2(47)(v) read with section 53A of the Transfer of Property Act, 1882, and also added Rs. 7,75,000 by treating disclosed agricultural income as income from other sources. The CIT(A) affirmed the additions, but the ITAT Bengaluru (order dated 05.03.2026 in ITA No. 2192/Bang/2025) deleted them.

Source: [Paragraphs 1-5; PDF pp. 2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

Affirming the Tribunal's order, the Division Bench noted that the subject lands were ancestral properties belonging to a Hindu Undivided Family (HUF). First, the documents relied upon by the AO did not evidence an operative transfer in AY 2013-14 because a subsequent agreement had been executed, which would have been unnecessary if transfer had already taken place under the earlier agreement. Second, in a civil suit for partition of the joint family properties before the II Additional Senior Civil Judge, Bangalore (Rural), a final decree dated 13.07.2019 was passed under which the land forming the subject matter of the JDA fell to the share of other family members and not to the share of the assessee, while the assessee continued to hold the unconverted agricultural land allotted to his share. As these factual findings were supported by cogent material and were not perverse, no substantial question of law arose.

Source: [Paragraphs 6-11; PDF pp. 4-7](#)

03 JUDICIAL DECISION

Holding that no substantial question of law arose for consideration under section 260A, the High Court dismissed Income Tax Appeal No. 141 of 2026 at the admission stage.

Source: [Paragraphs 10-11; PDF pp. 6-7](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (Bileshivale Muddanna Govardhana Murthy). The Revenue's appeal was dismissed, affirming the deletion of the Rs. 79,61,430 and Rs. 17,51,16,294 LTCG additions and the Rs. 7,75,000 agricultural income addition for AY 2013-14.

Source: [Paragraphs 10-11; PDF pp. 6-7](#)

05 AKHB REVIEW POINT

AKHB analysis: where a section 2(47)(v) capital-gains assessment is framed against an individual co-parcener on the basis of an unconsummated Joint Development Agreement over undivided ancestral/HUF land, place on record any subsequent novation/supplementary JDA as well as civil court partition decrees allocating the JDA survey numbers to other co-parceners and proving continued agricultural possession of the taxpayer's allotted share.

Source: [AKHB analysis based on paragraphs 5-10 / PDF pp. 4-6](#)

SOURCE & VERIFICATION

[High Court of Karnataka official digital judgment PDF - AKHB Cloud Repository](#)

Seven-page official High Court of Karnataka judgment PDF (2026:KHC:48520-DB); paragraphs 1-11 span PDF pages 1-7.

Supplied source-reviewed note retained; original bytes and identity validation checked in this release. Substantive re-review is not claimed for this record.

Open cited source rendition

Full 7-page official High Court of Karnataka PDF read and verified. Original bytes match SHA-256 aeacdc4812ce3b3a6b45af07fb638353ea5695acc4ccfa1259f265b2f8a6420a.

STATUTORY SCOPE

Applies sections 2(47)(v), 45 and 153A of the Income-tax Act, 1961 read with section 53A of the Transfer of Property Act, 1882 for AY 2013-14. Income-tax Act, 2025 equivalence is not verified.

LATER TREATMENT

Source checked 2026-10-17. Full judgment checked. Comprehensive subsequent judicial treatment has not been verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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