Commissioner of Income Tax, Chennai v. Smt. C. Rajini

TCA No. 388 of 2011 (in ITAT ITA No. 1239/Mds/2008)

TCA No. 388 of 2011 (Mad HC, decided 01.12.2025) | 2025-12-01

Housing-project developer need not own the land: deduction upheld on established development role.

Income-tax Act,1961: sections 80-IB(10), 143(3), 260A

High Court of Judicature at Madras | 2-judge bench (Division Bench) | Dr. Justice Anita Sumanth | Justice P. Dhanabal

Assessment years: 2005-06

01 FACTS OF THE CASE

For AY 2005-06, the AO disallowed a section 80-IB(10) claim of Rs.13,32,29,388 in the assessment dated 16 November 2007, treating Rajini as a non-owner and works contractor. Appellate authorities allowed relief. Revenue challenged the ITAT order dated 10 December 2010 in ITA 1239/Mds/2008.

Source: PDF pp.2–4, paras 2–6

02 DISCUSSION BY THE HON'BLE COURT

The Court recorded the Tribunal's finding from the construction agreement that Rajini was both builder and developer. Following CIT v. Subba Reddy (HUF), it held that a person engaged in developing and constructing the housing project need not own the land to claim the deduction.

Source: PDF pp.4–6, paras 6–9

03 JUDICIAL DECISION

The substantial question was answered for the assessee. The Tribunal was right to allow the deduction; Revenue's appeal was dismissed without costs.

Source: PDF p.6, paras 10–11

04 OUTCOME / IN WHOSE FAVOUR

Deduction sustained on this development arrangement, rather than rejected merely for absence of legal title.

Source: PDF pp.5–6, paras 8–11

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Lack of title was not the end of the inquiry: Revenue's ownership objection failed because the accepted facts established development as well as construction. The judgment does not equate every contractor with a developer. The construction agreement and actual responsibilities remain central to identifying the role in a comparable project. (PDF pp.4–5, para 6)

Connect the arrangement to the work performed: The assessee described payment of the settled land consideration, a power of attorney, approvals, drawings, demolition and flat sales undertaken by her. These submissions explain the factual setting; the Court relied on the Tribunal's agreement-based finding and Subba Reddy. A practical claim should demonstrate the development obligations rather than rely solely on possession of a power of attorney. (PDF pp.3–5)

Do not enlarge the questions decided: The source also mentions a Rs.5,30,250 corpus-fund disallowance but gives no separate merits ruling on it. Nor does this order determine every dimensional or completion condition of section 80-IB(10). The useful proposition is the absence of a land-ownership prerequisite for the established developer, within this AY 2005-06 dispute. (PDF pp.4–6)

Source: PDF pp.4–5, para6

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 7-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently 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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