

Date \_\_\_\_\_  
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# Capital Gains

Charging Section 45(1)

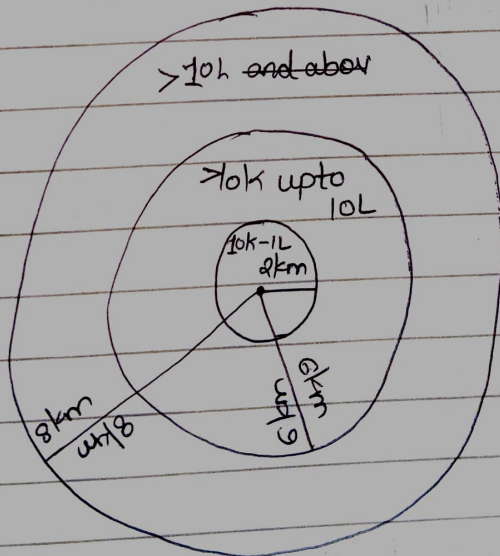
## Capital Asset 2(14)

Any property  
excludes:

- (a) SIT (RM/WIP/FGI)
- (b) Movable personal asset, but exclude
- (c)

Jewellery  
Drawings  
Paintings  
Sculpture  
Archaeological  
collection  
any other work of  
Art.

(c) Rural Agricultural land in India



what is Urban  
area? 10k or more  
population.

(d) Gold Deposit, 1999 or deposit certificates  
issued under the Gold Monetisation  
schemes, 2015 ← [Int on  
Instrument  
also exempt]

# Types of Capital Assets



Part	Capital	Period of Holding	STCG
Part A	<ul style="list-style-type: none"> <li>→ Security (other than unit) listed in recognised exchange in India</li> </ul>	Held for more than 1 yr	upto 1 yr
[SEUZ]	<ul style="list-style-type: none"> <li>→ Unit of UTI</li> <li>→ Unit of Equity oriented Mutual Fund</li> </ul>		
	→ ZCB		
Part B	→ Unlisted shares (shares not covered in Part - A)	Held for more than 2 yr	upto 2 yr
[UI]	→ Immovable property		
Part C	→ Any other Asset	Held for more than 3 yr	upto 3 yr

## Computation of CG

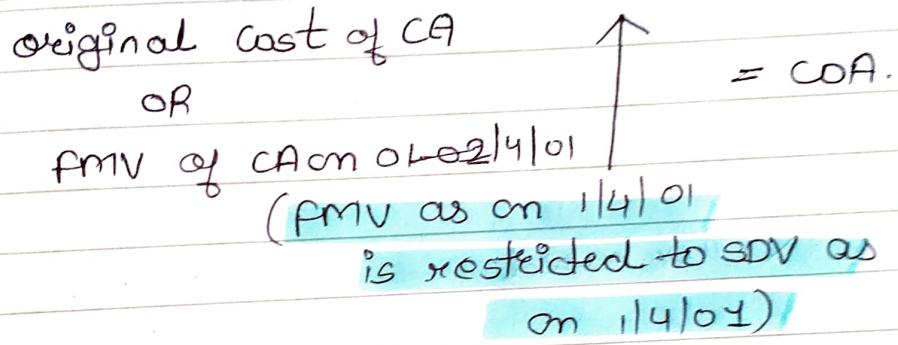
FVOC	xxx
(-) Expenses incurred in connection of transfer	(xx)
Net consideration	xxx
(-) Cost of Acquisition	(x)
(-) Cost of Improvement	(x)
Capital Gain	xxx

2001-02 → 100  
2023-24 → 348

$$ICOA = COA \times \frac{\text{CII of year of Transfer}}{\text{CII for the first year in which asset was held by assessee.}}$$

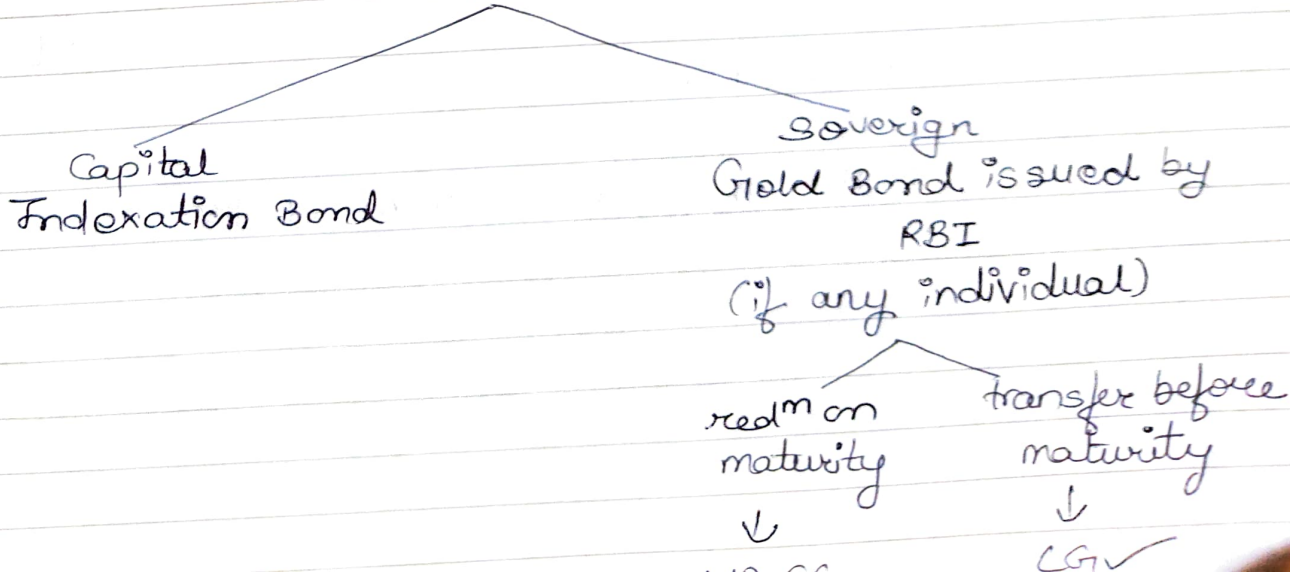
$$ICOI = COI \times \frac{\text{CII for the year of Transfer}}{\text{CII for the first year in which asset was held by assessee.}}$$

Concept 1 If capital asset purchased before 01-02.



\* Improvement done before 1/4/01 should be ignored.

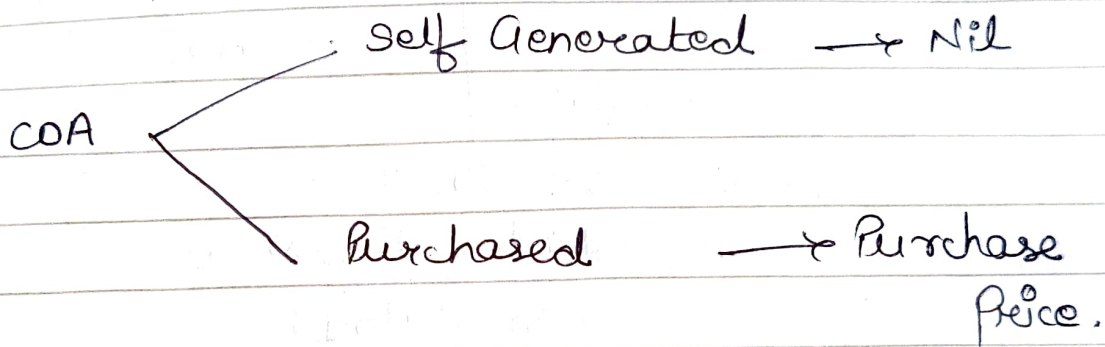
No indexation in case of Debentures and Bonds  
exception



STT → not allowed in CG

### Concept 2 Intangible Asset

GLW, trademarks (Brand name, Right to manufacture, produce, process any article or things (patent & copyright), Right to carry on any business / Profession, Tenancy right / Loom houses, Route permits or any other right.



### Concept 3 Bonus share

acquired before  
1/4/01  
↓

FMV as on 1/4/01

after 1/4/01  
↓  
Nil

POH → from allotment date

## Concept 4 Right shares

acquired by SH



COA: Amt paid to Co.  
(POH - from allotment date)

Renouncement of Right



CGI ✓	
FVOC	Renouncement Price
COA	Nil
STCG	xxx.

### In hand of purchaser of right

COA: Amount paid to Co. + Amount paid for purchase  
POH: From date of allotment of shares.

CGI is chargeable to tax in the year of transfer but in the following cases CGI is not taxable in the year of transfer (Concept 5, 6, 7)

## Concept 5 Conversion of CA in SIT

(when SIT is sold → CGI ✓)

CGI  
~~FM~~ FVOC (FM on date of conversion)  
(-) COA / I COA  
(-) COI / I COI  

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STCG / LT CGI

PGBP & PGBP  
Sale price of SIT x  
(-) FMV of Asset x  
on date of conversion  

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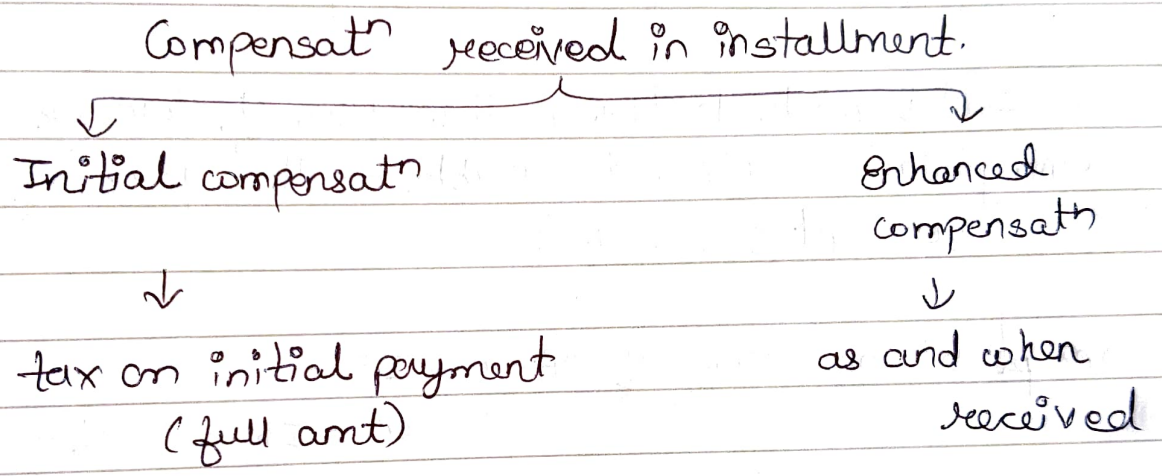
PGBP xx

## Concept 6 SIT into CA

conversion wale ye mai PGBP mai taxable hoga further CGI, SIT jab sale hoga.

Concept 7 Compensation on Compulsory Acq under any law.

For Initial compensat <sup>n</sup> (IC)		For Enhanced compensat <sup>n</sup> (EC)	
FVOC (IC)	XX	FVOC (EC)	XX
(-) COA / ICOA	XX	(-) STCG / LTCG <sup>litigat<sup>n</sup></sup>	XX
(-) COI / ICOI	XX	Expense	
<u>STCG / LTCG</u>	<u>XX</u>	<u>STCG / LTCG</u>	<u>XX</u>



Int received on late compensat<sup>n</sup>

↓

Taxable under IFOs (yr of receipt)

80% deduct<sup>n</sup> will be allowed.

Concept 8 Insurance claim

FVOC (Insurance claim [Money / FMV of asset])	XX
(-) COA / ICWA	XX
(-) <u>COI / ICWI</u>	<u>XX</u>
COI	XX

### Concept 9 Capital Gain in case of Debt

FVOC on transfer / redempt <sup>n</sup> / maturity		
(-) Transfer exp		xx
(-) cost of Acq		xx
		xx
	STCG (always)	<hr/> xx

### Concept 10 Slum sale

	FVOC [FMV as per rule 11UAE]	xx
	(-) Transfer Expenses	xx
	(-) Cost of Acq (NW of Undertaking)	xx
	STCG / LTCG	<hr/> xx

FMV 1 → FMV of undertaking transferred  
 FMV 2 → " Consideration received

↑  
 Asset - Liab  
 (Book Value) (Book Value)  
 • Dep<sup>n</sup> assets → WDV.

### Concept 11 Stamp Duty

110%  
(immovable property)

### Concept 12 Forfeited Advance money

If any advance money / token money / earnest money is forfeited by the assessee (present owner) before 1/4/14, then it shall be reduced from COA. (before indexation)

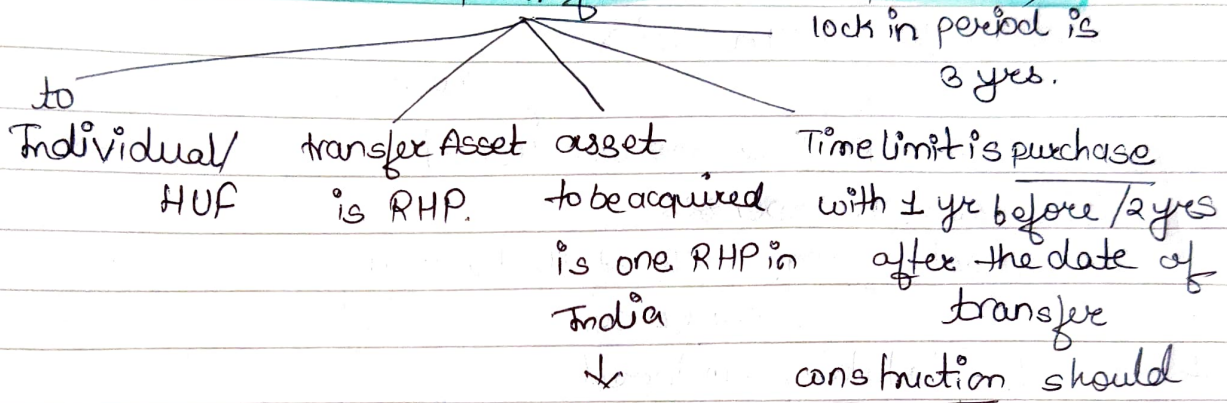
\* applicable only in case of forfeitures done by present owner.

\* Any advance money forfeiture on or after 1/4/14 shall be charged to tax in the year of forfeiture under the head of 'IFOS'

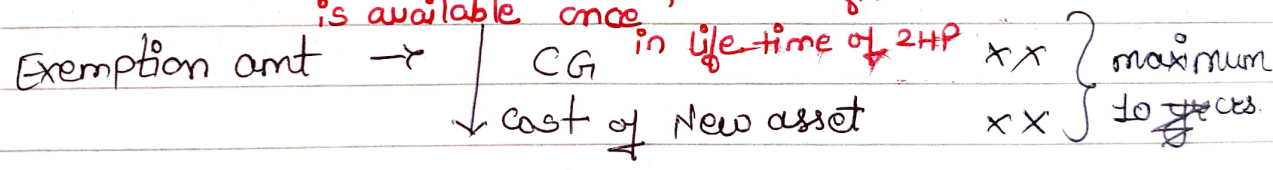
### Concept 13 Exemptions

Concept

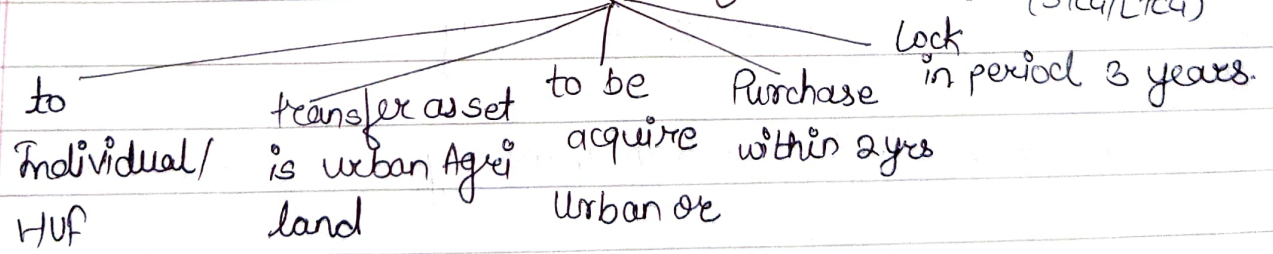
13a. **Sec 54** → Exemption for Residential HP. (LTCG)



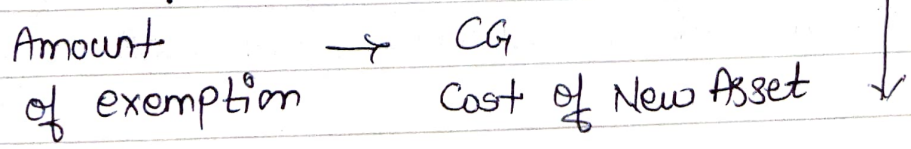
If LTCG is upto 20% then assessee can acquire 2 HP in prescribed time limit, this benefit is available once. Construction should be complete within 3 yrs after the date of transfer.



13b. **Sec 54B** → Exemption for Urban Agriculture land (STCG/LTCG)

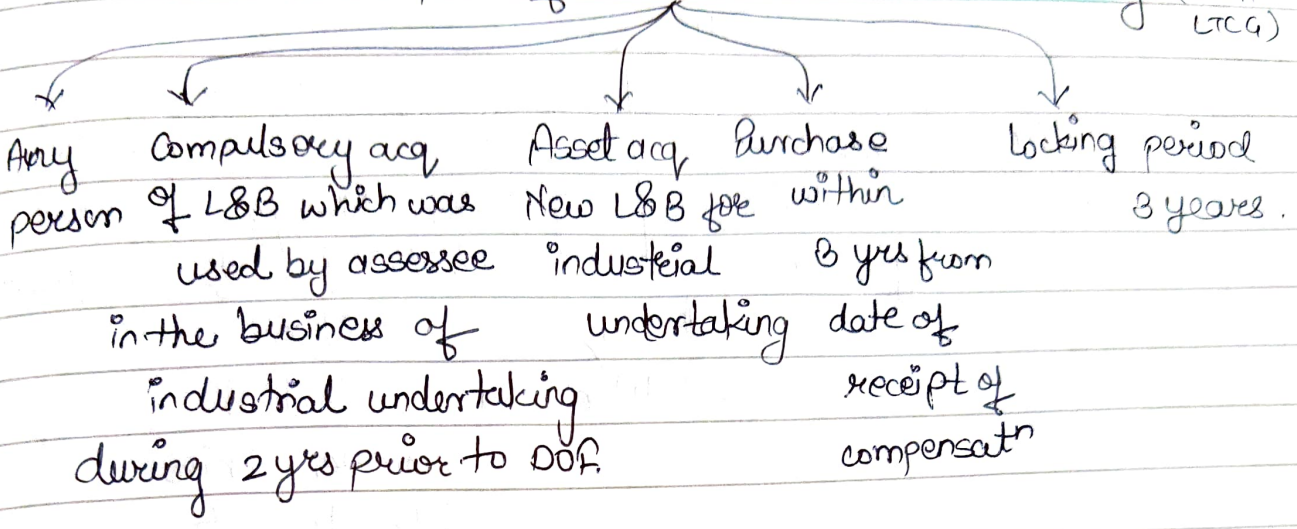


(used by 2 yrs by the transf for Agri use) Rural Agri land



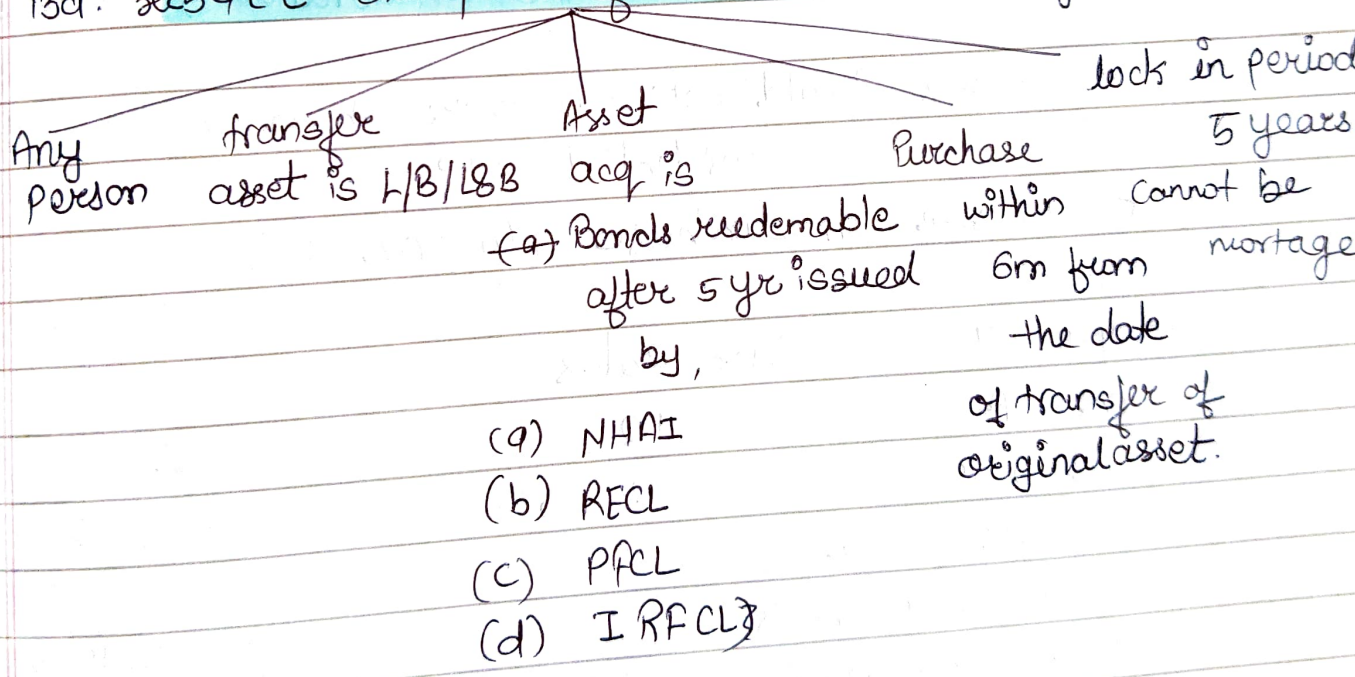


**13c. sec 54D Exemption for Industrial Land & Building (STCG/LTCG)**



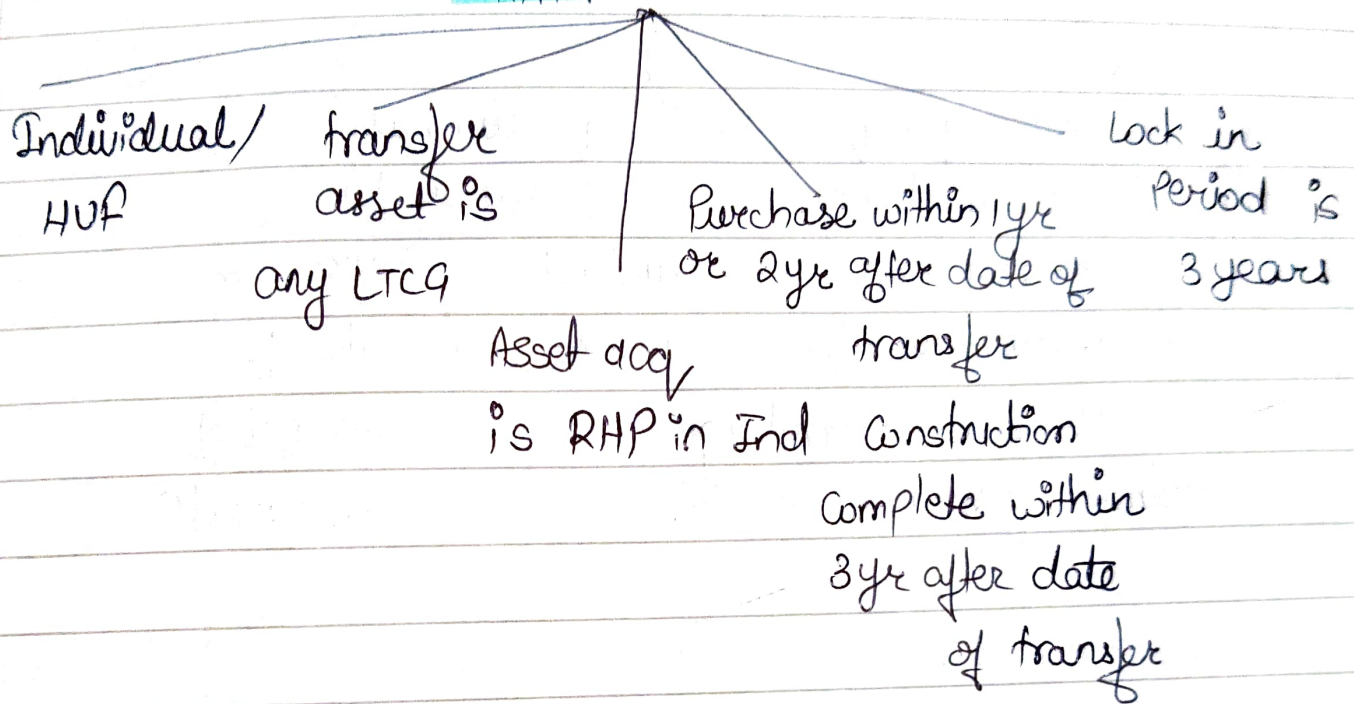
Exemption → CG  
Cost of New Asset ↓ XX

**13d. sec 54EC Exemption for Immovable Property (LTCG)**



Exemption → CG  
Cost of New Asset (max can be 50 lakhs) ↓ XX

## 13e. Sec 54F Exemption for any LTCG other than RHP.



$$\text{Exemption} = \text{LTCG} \times \frac{\text{Cost of New Asset}}{\text{Net consideration}} \left. \vphantom{\frac{\text{Cost of New Asset}}{\text{Net consideration}}} \right\} \begin{array}{l} \text{max} \\ 10 \text{ crores.} \end{array}$$

\* assessee should not own more than one residential HP

\* assessee can purchase only one RHP.