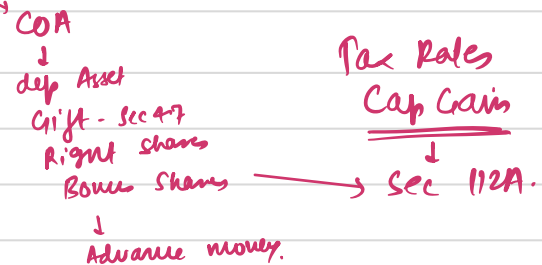
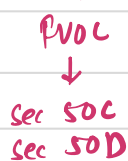
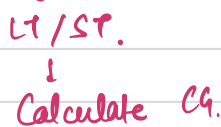
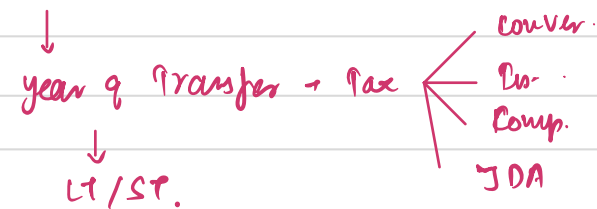
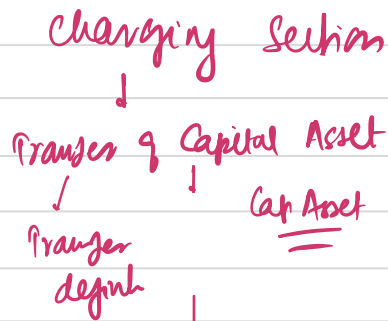


Capital Gain Revision class Notes

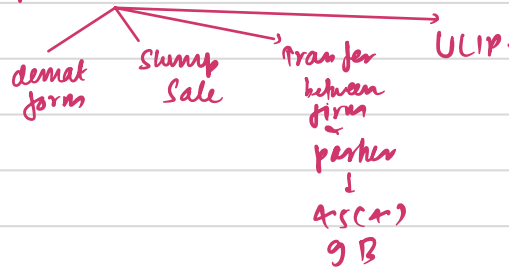
Note: Please Refer it with
Revision video of Yash Sir

Capital Gain - see 45-



Tax Rates
Cap Gain

Special Cases of Transfer



Sec 54 Series
CG Exemption

Sec 47
Transactions
not regarded
as Transfer

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Case Scenario 1

Mr. Manoj (aged 45 years) is a resident Indian who has the following life insurance policies, some of which are ULIPs. The details of such policies are given hereunder:

Particulars	A ^{-10%}	B ^{-10%}	C (ULIP) ^{10% PPS}	D (ULIP) ^{10%}	E (ULIP) ^{10%}	F (ULIP) ^{10%}
Date of issue	1.4.2015	1.4.2016	1.2.2021	1.1.2021	1.3.2021	1.4.2021
Annual premium	₹ 50,000 <u>ULIP</u>	₹ 40,000 <u>ULIP</u>	₹ 1,00,000	₹ 3,00,000	₹ 1,40,000	₹ 2,50,000
Date when premium falls due every year	1 st April	1 st April	1 st Feb	1 st Jan	1 st March	1 st April
Date of maturity	31.3.2023	31.3.2023	31.1.2030	31.12.2029	28.2.2030	31.3.2030
Consideration received on maturity (including bonus)	₹ 7,00,000 60,000 x 10% →	₹ 4,00,000 - 2,40,000 1,20,000	₹ 11,00,000 - 9,00,000 2,00,000	₹ 32,00,000 10%	₹ 17,00,000 17,00,000 17,60,000 4,40,000	₹ 28,00,000 - 22,50,000 5,50,000
Sum assured	₹ 6,00,000	₹ 3,50,000 ^{10% 35800}	₹ 10,00,000	₹ 30,00,000	₹ 15,00,000	₹ 25,00,000

During the P.Y. 2022-23, Mr. Manoj has earned dividend income of ₹ 12 lakh from shares of Indian companies and long-term capital gains (computed) of ₹ 5 lakhs on sale of land. He deposited ₹ 1,50,000 in National Pension Scheme (Tier-I account) of Government. Mr. Manoj does not opt for section 115BAC.

12 lakh. Dividend

IFOS

Stam - land Lecg

1,50,000 - NPS → 80CCD

Notes:

- ULIP is considered as Equity oriented fund
- ULIP taxable at 10% in excess of 1,00,000 u/s 112A → Short term 112A + 15%
- ULIP - Taxable under CG. LIP - Taxable under IFOS
- 10/15/20% → Deduction u/s 80C is allowed only upto this amount.
- ULIP issued before 1/2/21 → Taxable under IFOS as it is not a Capital Asset
- While computing 10/15/20% → we take 10/15/20% of Sum Assured
- While computing CG u/s 45(CB) → we take Maturity proceeds (-) Prem. paid till now.

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On the basis of the facts given above, choose the most appropriate answer to Q.1 to Q.5 below, based on the provisions of the Income-tax Act, 1961 -

1. Which are the life insurance policies (excluding ULIPs) in respect of which Mr. Manoj would be eligible for exemption under section 10(10D) in respect of maturity proceeds and what is the quantum of deduction which would be available under section 80C in respect of premium paid on such policies for A.Y.2023-24? Assume that Mr. Manoj does not have any ULIPs only for the purpose of answering this MCQ.

(a) A and B; ₹ 90,000

Maturity exempt ✓ → 10(10D)A.

(b) A and B; ₹ 85,000

80C → dedⁿ upto milage.

(c) Only A; ₹ 50,000

40%

~~(d)~~ Only A; ₹ 85,000

50,000 + 35,000 = 85,000

2. Which are the ULIPs in respect of which Mr. Manoj would be eligible for exemption under section 10(10D) in respect of maturity proceeds? Choose the option most beneficial to Mr. Manoj.

(a) Only C and E

(b) Only F

~~(c)~~ Only C, D and E

(d) Only D and F

3. Considering the option chosen in MCQ 2 above, what would be the capital gains computed under section 45(1B) in the hands of Mr. Manoj for A.Y.2030-31? Assume that, for the purpose of this MCQ, no consideration was received prior to the maturity date in case of any ULIP.

(a) ₹ 11,40,000

(b) ₹ 10,50,000

~~(c)~~ ₹ 5,50,000

(d) ₹ 6,40,000

4. What is Mr. Manoj's tax liability for A.Y.2023-24?

(a) ₹ 2,21,000

(b) ₹ 2,36,600

~~(c)~~ ₹ 2,58,440

Dividend - 12,00,000

Land-LTC - 5,00,000

LIP Maturity - 1,20,000

18,20,000

- Dedⁿ 80C

80C - LIP. pm (1,50,000)

NPS - 80CCD(1B) - (50,000)

16,20,000

80CCCE =

80C + 80CCD(1)

+ 80CCCE

= 1,50,000

80CCD(1B)

= 50,000

5,00,000 × 20% = 1,00,000 + 11,20,000 = 12,20,000

= 2,48,500 + 4% Com

= 2,58,440

(d) ₹ 2,74,040

5. What would be the total tax deductible under section 194DA during the P.Y.2022-23 on payment of maturity proceeds of life insurance policies to Mr. Manoj?

(a) ₹ 3,500

~~(b) ₹ 6,000~~

(c) ₹ 20,000

(d) ₹ 55,000

For LIP - B

$$\begin{array}{r} 4,00,000 \\ -2,80,000 \\ \hline 1,20,000 \end{array}$$

TDS u/s 194DA = $1,20,000 \times 5\%$
= 6000

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X & Co. Reem. GR & WSCA

Reconsolidation

Case Scenario 1

Mr. Prem is a partner in two firms X & Co., Mumbai and Y & Co., Delhi. X & Co. has four partners, including Prem, who share profits and losses equally. Mr. Prem resigned from X & Co. on 1.4.2022. On the said date, the capital balance of each of the partners stood at ₹ 32 lakhs. In order to settle the dues of Mr. Prem, the firm revalues its land for the first time since purchase; the valuer also valued self-generated goodwill at ₹ 70 lakhs. The firm has the following capital assets, whose details are as follows.

	Particulars of Assets	Date of purchase	Cost of acquisition (book value)	Value as on 1.4.2022 as per Valuation Report (Rule 11U)
1.	Land at Pune	21.1.2013	₹ 15 lakhs	₹ 50 lakhs
2.	Land at Nagpur	18.4.2015	₹ 25.4 lakhs	₹ 45 lakhs
3.	Land at Mumbai	14.5.2013	₹ 88 lakhs	₹ 250 lakhs
4.	Self-generated goodwill			₹ 70 lakhs

X & Co.

Reconsolidation

GR & WSCA

= 35 lakh

= 162 lakh

= 70 lakh

267

In April, 2022, X & Co. gave Land at Nagpur and ₹ 15 lakh money to Mr. Prem to settle his capital balance.

GR

The firm Y & Co. dissolved on 1.3.2023 and distributed its land at Chandigarh, Mohali and Gurgaon on the same date to its three partners, Prem, Akshay and Aarav, respectively, who were sharing profits and losses equally. The particulars of these lands are given hereunder -

	Particulars of Assets	Date of purchase	Cost of acquisition (book value)	Value as per Valuation Report as on 1.3.2023 (Rule 11U)
1.	Land at Chandigarh (given to Prem)	3.7.2011	₹ 18.4 lakhs	₹ 62 lakhs
2.	Land at Mohali (given to Akshay)	15.9.2015	₹ 15.24 lakhs	₹ 59 lakhs
3.	Land at Gurgaon (given to Aarav)	27.2.2011	₹ 16.7 lakhs	₹ 70 lakhs

Y & Co.

dissolution

see GR

$\frac{18.4}{18.4} \times 331 = 331$

$\frac{15.24}{25.4} \times 331 = 19.86$

$\frac{16.7}{16.7} \times 331 = 331$

191

86.06

FV0E = 191

COA = $\frac{86.06}{104.94} = \text{LTC4}$
011 GR

Y & Co.

In addition, Prem and Akshay were given money of ₹ 8 lakhs and ₹ 11 lakhs, respectively on 1st March, 2023.

Cost Inflation Index is as follows: F.Y.2010-11- 167; F.Y.2011-12 - 184; F.Y.2012-13 - 200; F.Y.2013-14 - 220; F.Y.2014-15 - 240; F.Y.2015-16 - 254 and F.Y.2022-23 - 331.

Solution. Tax via GB ÷

	X & Co.
FVOC =	45 lakhs
COA.	
$\frac{25.4}{254} \times 331$	$\frac{33.1 \text{ lakhs.}}{11.9 \text{ lakhs.}}$
LTCG =	
	₹ 24,75,20
	↓
	LTCG via 112
	20% + 4% cess

	Y & Co.
PVOC =	191
I COA =	86.06
LTCG =	104.94
	20% + 12% + 4%
	= ₹ 44,683

X & Co. - 45(A)

A =	B =	15,00,000	
+ C =		45,00,000	
- D =		36,28,120	(32,00,000 + 4,28,120)
		23,71,880	→ Cap Gain Y&C + sec 45(A)

$\frac{26}{50 \text{ lac}} \times \frac{1.50 \text{ cr}}{6}$ 25 lac 9B

Prem ko 60 lakh Rupes payable the.

	45,00,000
-	25,40,000
	19,60,000 → Fayda- Book profit
-	2,47,520 → Cap Gain 9B
	17,12,480 → part firm ko fayda
	4 → hua hai
	= 4,28,120 → distributed to all
	4 partners

Sabkar Lenge

$$23,71,880 \rightarrow 35:162:70$$

$$\text{Land at Pune} \quad 23,71,880 \times \frac{35}{267} = 3,10,921$$

$$\text{Land at Mumbai:} \quad 23,71,880 \times \frac{162}{267} = 14,39,118$$

+ } Long term Cap Gain
= 17,50,039

$$\text{Self gen. goodwill:} \quad 23,71,880 \times \frac{70}{267} = 6,21,841 \rightarrow \text{Short term Cap Gain}$$

By sold at future date (Assumed PUC)	Pune 70 3,10,921	Mumbai 280 14,39,118	Self Gen Goodwill 90 6,21,841
--	------------------------	----------------------------	-------------------------------------

PUC and
COA are
assumed
for
examples

Actual PUC	66,89,073	2,65,60,882	83,78,159
- COA =	40,00,000	1,20,00,000	0
(Assumed)	26,89,073	1,45,60,882	83,78,159

		Indexation	Rebate	deduction VI-A
LTG	Sec 112	→ Allowed ✓	✓	x
	Sec 112A	x	Not allowed x	x
STCG	Sec 111A	x	✓	x
	Normal	x	✓	Allowed ✓

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Section 47

Amalgamating Co. → Amalgamated Co. → Transfer by Shareholder of Shares
 Amalgamating Foreign Co. → Amalgamated Foreign Co.

Banking Co. → Banking Inst.
 Demerged Co. → Resulting Co.

Demerged Foreign Co. → Resulting Foreign Co. → Issue of Shares by Resulting Co.

Predecessor Co-op Bank → Successor Co-op Bank → Transfer by Shareholder of pred. Co-op Bank

NR → NR
 outside India

Transfer by NR of Capital Asset on RSE located in IFSC

Amendment:
 Capital Asset includes Bullion depository Receipts with underlying Bullion.

Original fund $\xrightarrow[\text{Capital Asset}]{\text{relocation of}}$ Resulting Fund → Amendment

→ Any transfer by shareholder & unit holders in this.

↓
 Original fund the Residents ka Investment 5% se exceed nahi karna chahiye at the time of transfer of Cap. Asset to Resultant Fund.

→ One Public Sector Company → Another Public Sector Company

→ Government → National Art Museum

→ Convenience of

Bonds, debentures, debenture stock → Shares or debentures of that Co.

Firm → Company

AOP/BOI $\xrightarrow{\text{RSE}}$ Company

Membership rights ↔ trading & clearing rights

