

Cap → Jis bhe year Cap Asset Hf Karke / hote hai.
 Grains Liability
 का 31/12/2021

Chapter = 7
Capital Gains

Property → Anything which have some value

Lec 1 18 Mar

Section 45 Capital gains

Transfer (X) toh
 Cap Gain (X)

Jis year → Capital Assets → Transfer → toh Cap Gain ki ho aaygi.

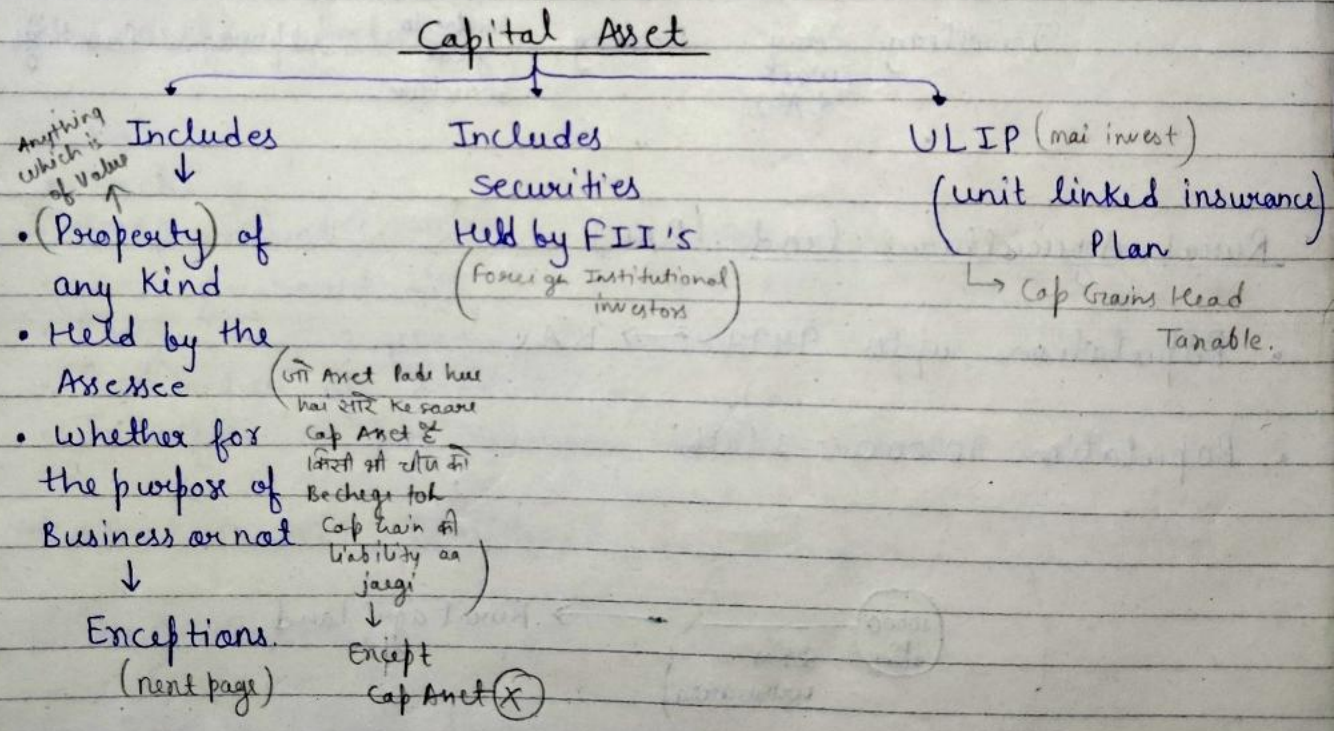
Eg

7 Dec 2024

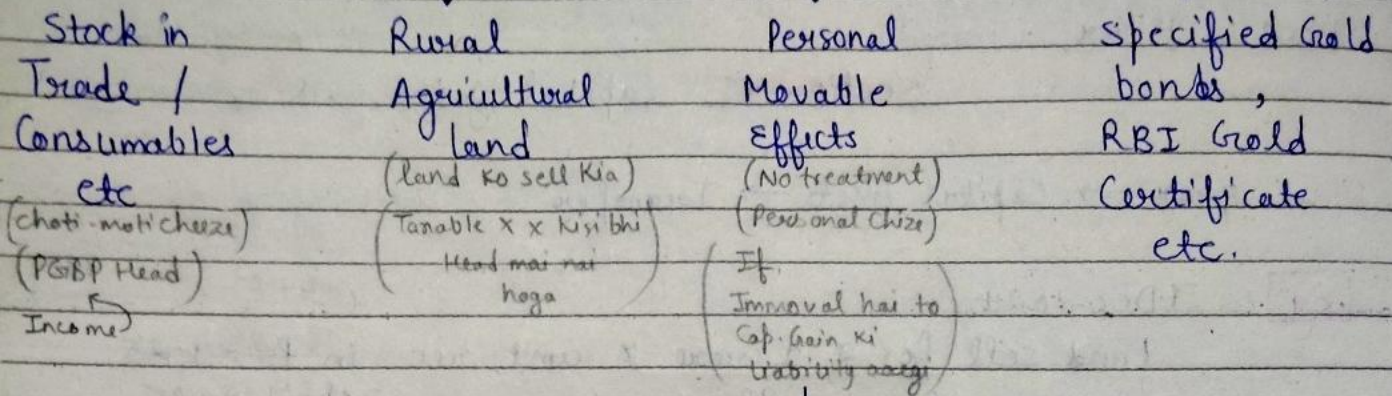
Land sell for ₹ 1 crore & amt rec. in ~~PY 24-25~~
 Year tax pay ?? 3 April 2025

PY 24-25

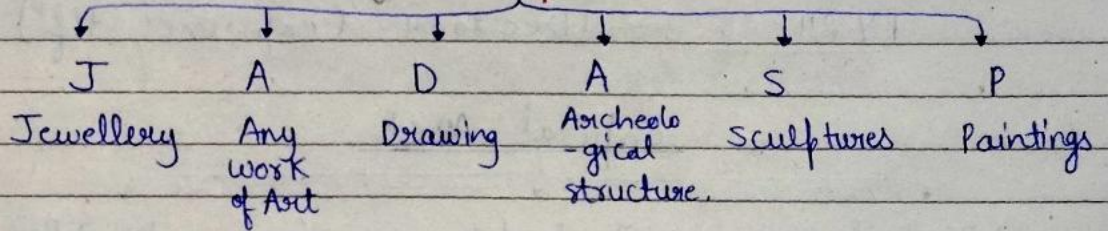
7 Dec 2024 (Cap. Asset Hf)



(Exceptions) (Cap Asset not include)

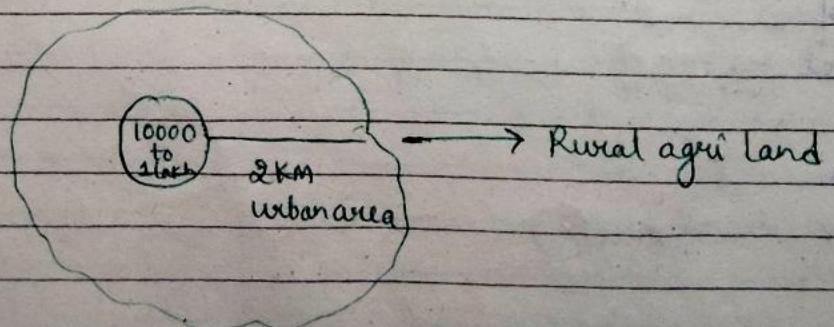


(Cap. Gain Aaygi) Exception



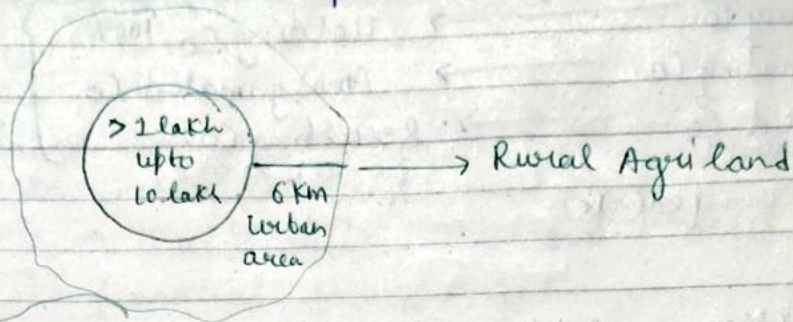
Rural Agricultural land (RAL)

- Population upto 9999 → RAL
- Population 10,000 - 1 lakh

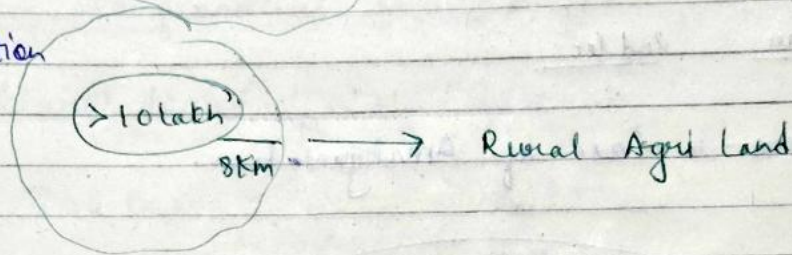


Urban Area \rightarrow Agri land
(local laws permission)

- Population > 1 lakh upto 10 lakhs



- Population



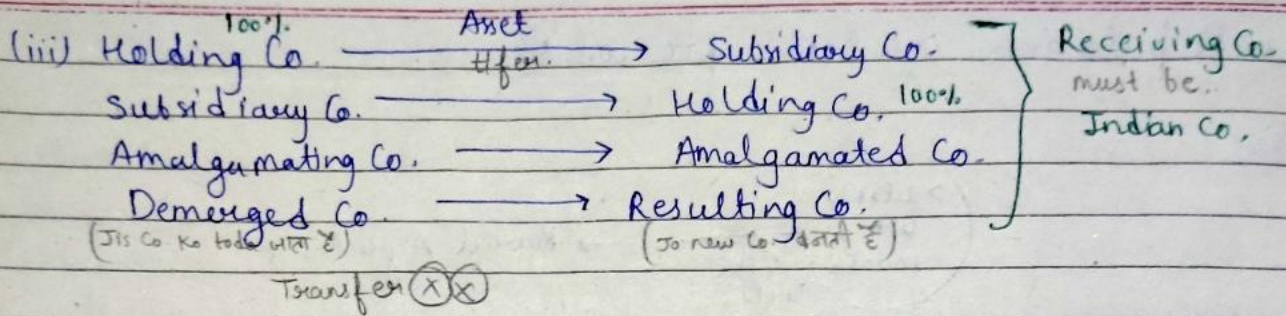
* Transfer includes :- Cap Gains Liability ✓
(Pg 7.7)

- Sale
- Exchange
- Relinquishment (भाग देना / Sacrifice करना)
- Extinguishment (Right खत्म होना time period over) (Redeemable pref shares)
- Compulsory acquisition of an Asset
- Redemption of Zero Coupon bonds
- Transfer as per Transfer of Property Act

\Rightarrow What is not Considered as Transfer :- T/f naimanage
Cap. gains ki lia nai aaygi

(i) HUF Partition

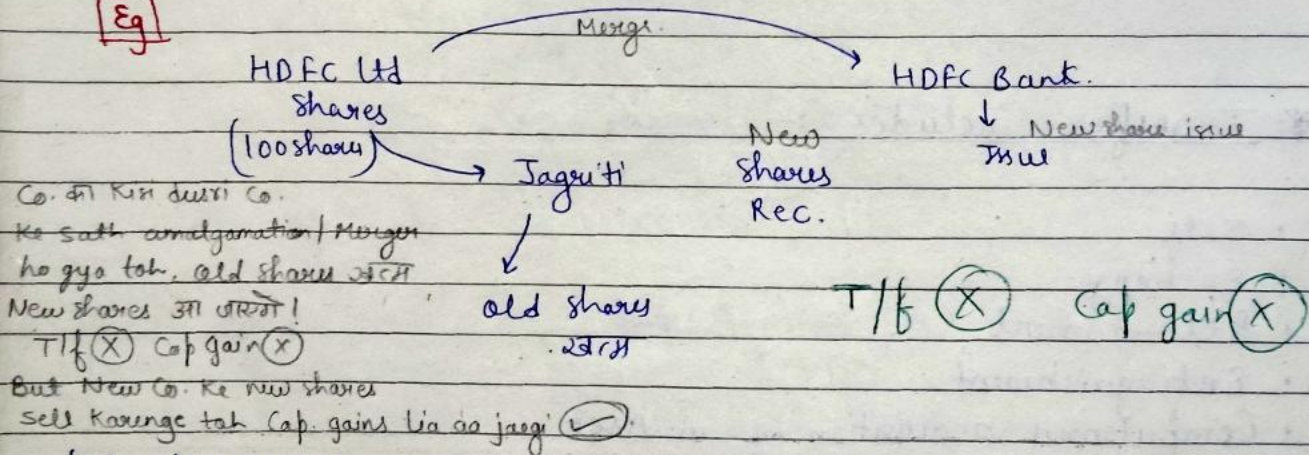
(ii) By an Indi | HUF \rightarrow Gift | will | Irrevocable trust



Lec 2 18 May 2nd Lec

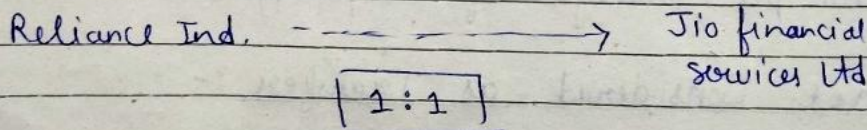
(iv) Shares rec. in Case of Amalgamation

Eg



(v) Demerger

↳ (अलग-अलग Kar dia) Separate (Rak Co. ko Rak Part achi Eo janta)



Rel. = 200 shares
2500 per share

200 shares
New Rec.

Shares issued in Case of Demerger is not a transfer.

∴ Demerger ke bad both Co. ke shares H/tege toh abhi to nai hai t/f + Cap gain. Baad m sell karunge toh aayegi Cap gain lia.

* Calculation of share price in case of Demerger

Eg

Reliance Ind. share price = 2500

Assets 1000 Cr. New worth

Now → Jio financial Demerged Assets Transfer 300 Cr.

Jio financial share cost

Reliance 1000 Cr. = 2500 rs.

700 Cr. = x ??

1000 Cr.
(- 300
Cr.)

$$x = \frac{2500}{1000} \times 700 \text{ Cr.}$$

$$\text{Rel. Cost} = \underline{\underline{1750 \text{ rs}}}$$

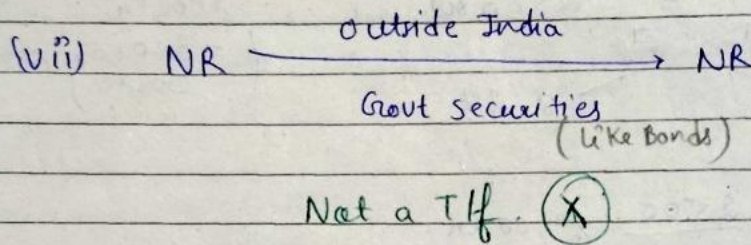
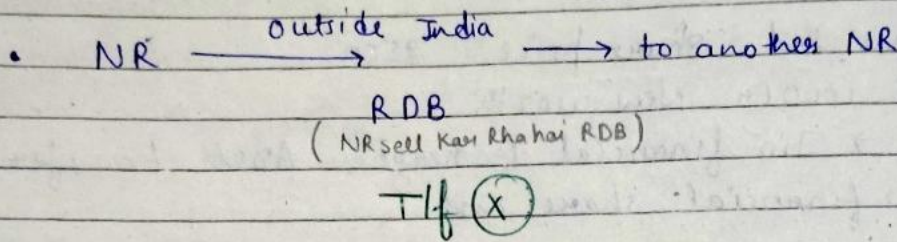
$$\begin{array}{r} 2500 \\ 1750 \\ \hline 750 \end{array} \text{ Jio cost}$$

∴ Jio fina. price = 750 rs.

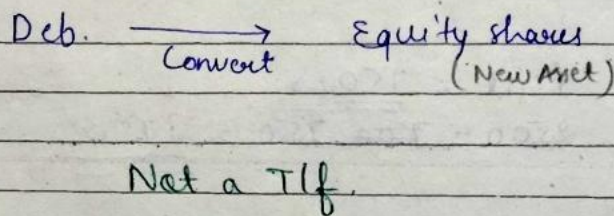
∴ Reliance 2500 - ~~700~~ 750 = 1750

$$\begin{array}{r} \text{Asset} \quad 300 \\ \text{New worth} \quad 1000 \end{array} \times 2500$$

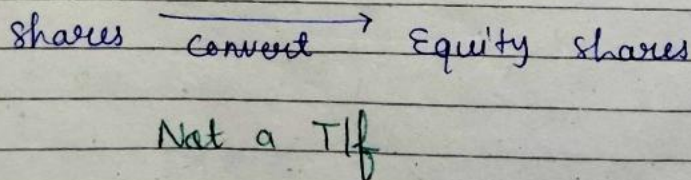
(vi) Rupee Denominated Bond (RDB)



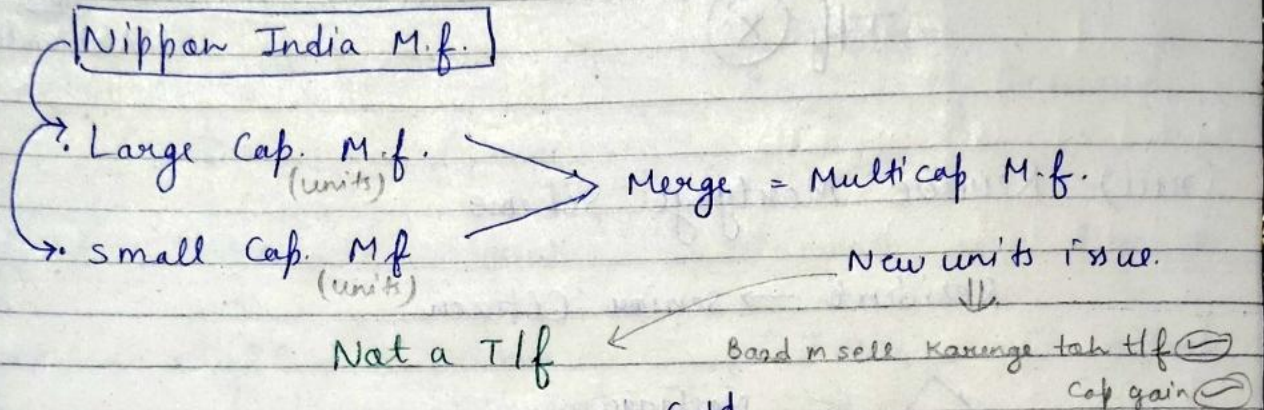
(viii) Convertible debentures



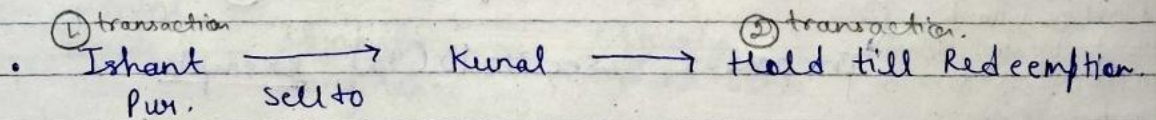
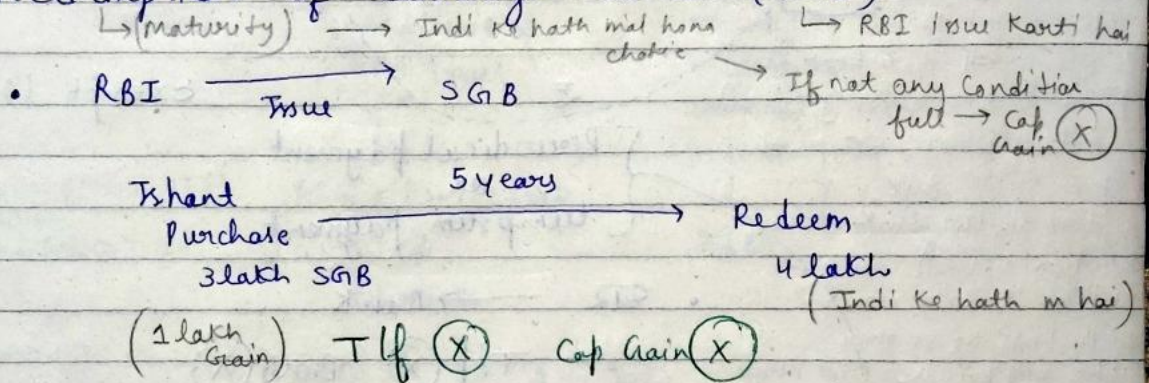
(ix) Convertible shares



(x) Consolidation of M. funds schemes

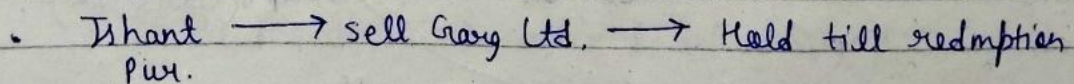


(xi) Redemption of Sovereign bond (SGB)



Ishant to Kunal -> Tlf (✓)
Cap Gain (✓)

Kunal red -> Not a Tlf (X)



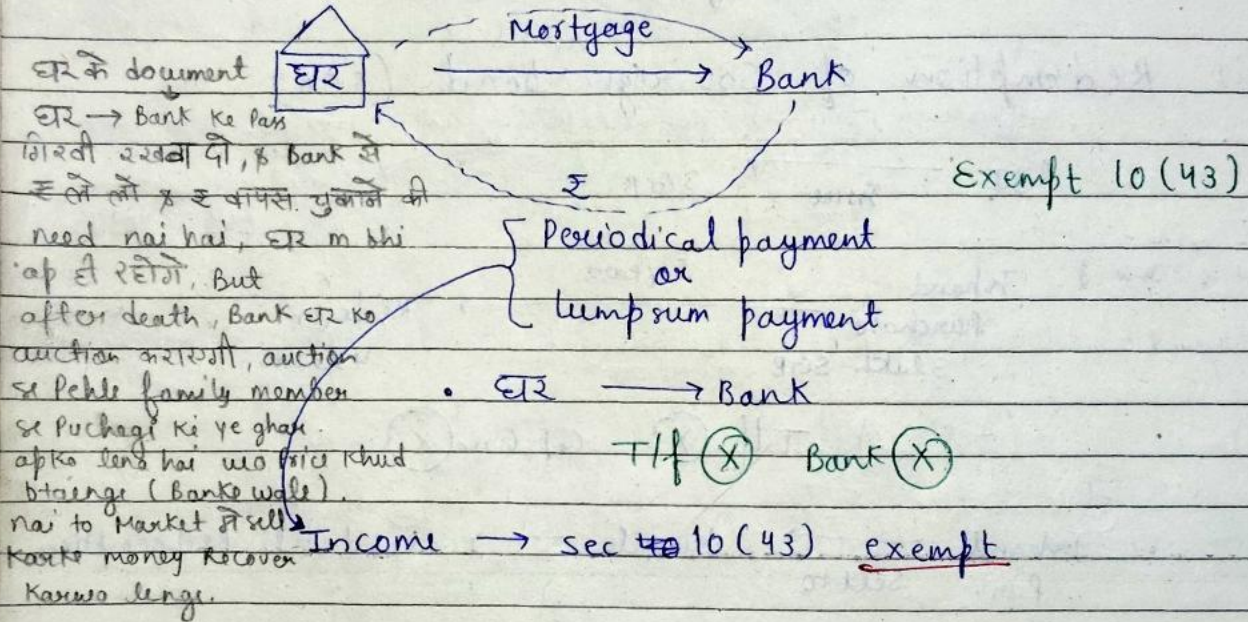
Tlf (✓)
Redemption Tlf (✓) Hold -> Gray.

(iii) Asset / Pictures / Manuscripts ^(घर से मिली) $\xrightarrow{\text{TIF}}$ to National Mechanism Asset etc. Asset Galleries

TIF (X)

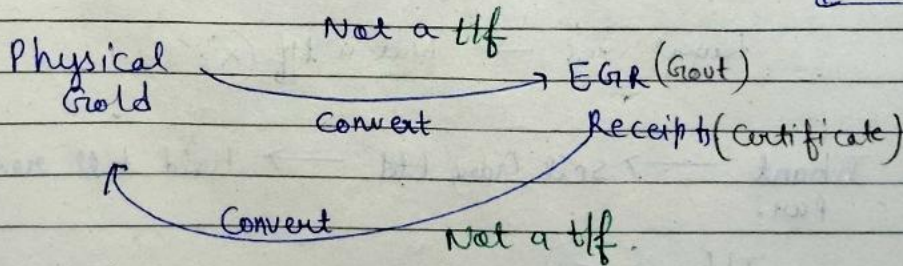
(iii) Reverse Mortgage scheme

Resident \rightarrow senior Citizen



(iv) Electronic Gold Receipts (EGR) \rightarrow (Govt. Locker)

Kind of Vault - Locker



② = Asset का विक्री

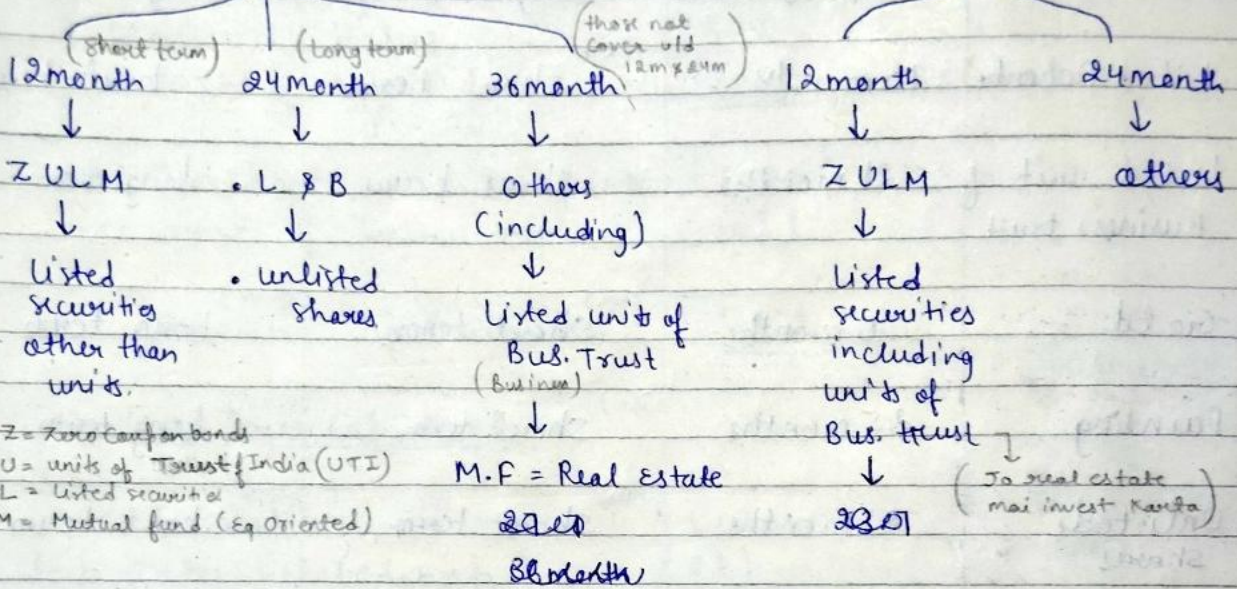
Assets sell
 Short term = tax rate high
 Long term = tax rate low
 (L & B etc)

Long term = Indefinite
 short term = X

(Period of Holding)
P.O.H flow chart

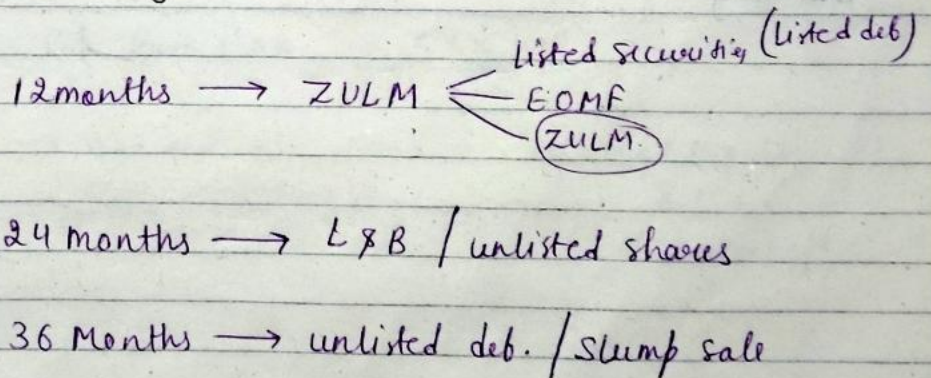
Old Transfer July
 upto 22.07.2024

New Transfer
 23.7.2024 Onwards
 (July)



Z = Zero Coupon bonds
 U = units of Trust of India (UTI)
 L = Listed securities
 M = Mutual fund (Eq oriented)

Note:- unlisted Bonds/ Deb. 27. July 36 months long term. 23. July Always short term



Lec3 19 Mar

Que	(Held)	(पहले) (Before amendment)	(बाद में) (After amendment)
Asset	POH	Transferred upto 22 July 2024	23 July 2024 Onwards
• listed shares	14 months	long term (12m)	Long term (12m)
• listed Debenture	10 months	(12m) short term	(12m) short term
• listed unit of Business trust	21 months	(36m) short term	(12m) long term
• Gold	30 months	(36m) short term	(24m) long term
• Painting	25 months	(36m) short term	(24m) long term
• Unlisted shares	21 months	(24m) short term	(24m) short term
• unlisted debentures	38 months	(36m) long term	Always short term
• Land & Building	26 months	(24m) long term	(24m) long term

* Calculation of short term & long term Capital Gains :-

Sale Value	90l	
Commission pay	(1l)	
Net sale Value	89l	
(-) Cost of Acquisition/ Purchase	(30l)	30,80,000
(-) Purchase Commission paid	(80,000)	
(-) Cost of Improvement	(10l)	
Short term Cap. Gains / Loss	<u>48,20,000</u>	

STC Loss = ??

↓

set-off

STCG + LTCG
Both.

→ Long term Cap. Assets

Sale Value	100
(-) Sales related exp.	(2l)
Net sale Value	98l
(-) Indexed Cost of Acquisition (xxx)	
(-) Indexed Cost of Improvement (xxx)	
Long term Cap. Gain / Loss	<u>xxx</u>

Indenation → Gov multiply
stand 2001-2002
↓
Table = 7.15

Long t. Cap. Loss = ??

↓

LTCG setoff

* Concept of Indexation

Suppose Building purchase on 11 Feb 2009 = 20L

* Sold on 5 July 2017 = 80L

2008-2009 = 137

2017-18 = 272

Find Cap. Gains

Since POH of building is more than 24 months,
it's a long term Capital Assets.

Sale Value = 80,00,000

(-) Indexed Cost of acquisition

Cost of Purchase \times CII of year of transfer = (39,70,802)

Cost inflation Index
of year purchase

$$\frac{20L}{137} \times 272$$

Long term Cap. Gain

40,29,198

Indenation flow chart

up to
22 July 2024



Indenation
Normally on
Long term Cap. Assets

<p>Not allowed</p> <ul style="list-style-type: none"> • Bonds / Deb. <li style="padding-left: 20px;">Except Cap. Index <li style="padding-left: 20px;">Bond & SGI B. • Slump sale • Depreciatiable Assets • Sec 112 A • NR → Pvt. Co. • specified M. fund / Market linked deb.
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23 July 2024
onwards



Indenation — not
allowed

Except:

L & B → 22.7.2024
acquire ←

+ R
+ Indi/HUF



Optional

Inden (✓) 20% Inden (X) 12.5%

Que

Particulars	Case 1	Case 2	Case 3	Case 4
• Asset	land	Build	land	Build
• Purchase Date	7 Dec 2009	6 Nov 2013	11 May 2008	3 May 2005
• Purchase price	10l	10l	10l	10l
• Sold on	4 June 2024	9 Oct 2024	5 Dec 2024	6 May 2024
• Sale price	50l	50l	50l	50l
• seller	'R' Indi	'R' HUF	NR India	P. firm

Case 1

$$\text{Dec 2009} \rightarrow 2009-10 = 148$$

Sold in June 2024, so before Amend
Index = 20%

Sale Value	50,00,000
(-) Indexed Cost	(24,52,703)
$\frac{10l}{148} \times 363$	
Long term Cap Gain	25,47,297

Tan @ 20%

50,94,59.40

Case (2)

	<u>Option 1</u>	<u>Option 2</u>
SV	50,00,000	50,00,000
Cost		Index (X)
$\frac{101}{220} \times 363$	(16,50,000)	(10,00,000)
	<hr/>	<hr/>
	33,50,000	40,00,000
Rate	@ 20%	@ 12.5%
	<hr/>	<hr/>
	6,70,000	5,00,000
	} Lower	
	Tax pay 5,00,000	

✓ Lec 4 19 May end Lec

Case (3)

NR, Indi.
sell = 5 Dec 2024
After amend → No Indentation

SV	50l
(-) Cost	(10l)
	<hr/>
	40l
	X 12.5%
	<hr/>
	5l

4/20/24

Case (4)

Before Amend \rightarrow Indexation 20%

2005-2006 \rightarrow 117

SV	50,00,000	
Cost	(31,02,564)	
$\frac{102}{117} \times 363$	<u>18,97,436</u>	Long term Cap Gain
	@ 20%	

Tan liab. 3,79,487.2

Que Building Purchase on 13 Jan 2004 for ₹ 23 lakhs

Cost of Improvement incurred on 19 Aug 2010 of ₹ 4 lakh
Comm. paid while purchase property ₹ 50,000
Build sold on 11 March 2025 for ₹ 90 lakhs

Find Capital Gains for miss Anya for PY 24-25.

2003-2004 = 109

2010 = 2011 = 167

2024 - 2025 = 363

- POH ~~is~~ prescribed for land & Building is 24 months.
- In the given case POH is $>$ 24 months
- \therefore It is a Long term Cap Gain Asset.

- Assessee is a 'R' India / Asset is Building purchase on or before 22-7-2024 & sold on or after 23-7-2024. So, assessee has 2 options.

Particulars	with (option 1) Indenation	without (option 2) Indenation
(a) sale price	90,00,000	90,00,000
(-) less Cost of acquisition		(23,50,000)
Purchase 23 lakh + Comm 50,000 <u>23,50,000</u>		
Indenation Cost $\frac{23,50,000}{109} \times 363$	(78,26,147)	
Cost of Improvement Indened $\frac{4l}{167} \times 363$	(8,69,461)	(4,00,000)
Long term Cap. Gain	3,04,392	7,81,250
	@ 20%	@ 12.5%
Tan. lia.	<u>60,878</u>	<u>7,81,250</u>

Choosing option 1

Que:- Gold purchase on 1st sep 2005 for ₹ 134,000
 by a NR HUF
 Cost of Improved (CoI) ~~increased~~ incurred on
 6 Mar 2013 ₹ 43,000

Gold sold on 17 June 2024 for ₹ 84,100

Comm. paid on sale ₹ 6,000

Find Cap. Gain.

$$2005-2006 = 117$$

$$2012-2013 = 200$$

	Sale Value	84,100
	Sales Comm.	(6,000)
Gold FOH 736mk	Net Sale Value	<u>83,500</u>

(-) Indexed Cost of Acquisition (415,743)

$$\frac{134,000}{117} \times 393$$

(-) Indexed Cost of Improvement (78,045)

$$\frac{43,000}{200} \times 363$$

(12-13)

Long term Cap. Gain. 34,212

Note sale is before amendment
 so, indexation is allowed.

* New Concepts through Questions

- ① Paintings purchased on 7 Nov 1997 for ₹ 84,000 & sold on 13 June 2024 for ₹ 4 lakh

Find Cap. Gains.

Since the year of purchase is before 1.4.2001, therefore index to be considered will be of the Base year i.e. 2001-2002

Sale Value	4,00,000
Indexed Cost of purchase	(3,04,920)

$$\frac{84,000}{100} \times 363$$

LTCap. Gain 95,080

② Cost of Improvement incurred before 1.4.2001 is not allowed whether spent by the current owner or the previous owner

- ②
- Build Purchase on 16 May 1984 ₹ 6 lakh
 - Cost of Improvement incurred on 5 Dec 1992 ₹ 1 l.
 - Cost of Improvement incurred on 16 Sep 2014 ₹ 80,000
 - Build sold on 24 Dec 2024 for ₹ 10 lakh

Find Cap. Gain.

Sale Value	10,00,000
(-) C.O Acq.	(21,78,000)
$\frac{62}{100} \times 363$	
(-) C.O Imp. (5 Dec 1992) (Not allowed)	-
(-) Co. Imp.	(12,000)
$\frac{80000}{240} \times 363$	
L.T.C. loss	<u><u>(12,99,000)</u></u>

option (5) ✓

Lec 5 20 Mar

* Acquired / Received / Gift / purchased from a previous owner.

Q3 Mr. A purchased a Building on 19 June 2003 for ₹16 lacs

It was gifted to his son Mr B on 6 June 2023
 (Fair Market Value) FMV (Share Market Value) & sold this on 19 Sep 2024 for ₹70 lacs

Find Cap. gains.

Cost → Cost of the previous owner

POH → POH → Previous owner

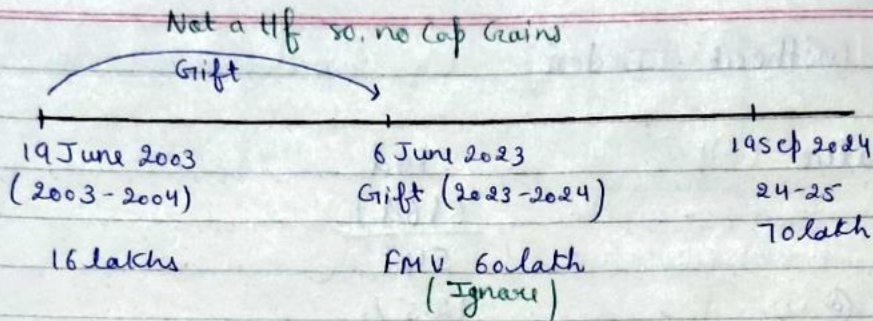
Indexation → Previous owner + Tabse Aukt Mila
 Tabse hi.

Case law:-

→ Mangala jay shah

Note:- Alternatively this could have been done by using, bring the case law Mangala jay shah

Better = Case law wala.



POH = Previous owner

Cost = Previous

Indention = Previous owner ← Manjula Jay Shah
②

Previous owner ← Indention
as per the I.Tan Act.

Option with Indention :-

Sale Value	70,00,000
Cost (Prev. owner)	
(2003-2004) $\frac{16l}{109} \times 363$	(5328440)

Long Term Cap Gain 1671560

Indention = Manjula J. Shah.

Previous owner Tan @ 20%

3,34,312

If. Option without (I.Tan Act):-

$(\frac{16l}{343} \times 363)$	Sale value
	Cost
	L.T.C. Gain

70l
(1668965)

~~533~~ 5331035

@ Tan 20% → 1066207

Manjula J. Shah

Option 2 Without Index

Sale Value	70l
Cost	(16l)
	<hr/> 54l
Tax @	12.5%
	<hr/> <u>675000</u>

Conclusion: option 1 with Indexation following the decision in the case of Manjula J Shah.

~~Q.4~~ (4) Mr. A purchased a land on 6 May 1981 for ₹8l
 COI incurred on 14 July 1994 of ₹3l
 COI incurred on 24 June 2005 of ₹160000
 Gifted this land to Mr. B on April 2009
 Mr. B incurred COI on 4th Dec 2013 ₹205000
 The Asset was sold on 6th June 2024 for
 ₹1 Crore.

Find Cap. Gains.

Sale Value	1,00,00,000
(-) CO Acquisition	(2,90,4000)
$\frac{8l}{100} \times 363$	
(-) COI (Prev. owner) ¹⁹⁹⁴	(4,96,410)
$\frac{160000}{117} \times 363$	
(-) COI ⁽²⁰⁰⁵⁻²⁰⁰⁶⁾	(3,38,250)
$\frac{205000}{220} \times 363$	
(-) COI ⁽²⁰¹³⁻²⁰²⁴⁾	

Long term Cap Gain

62,51,340

Tan @

20%

12,52,268

Note :-

- (1) If property is purchased before 1.4.2001, the Index of base year 2001-2002 will be taken for Indexation.
- (2) Cost of improvement incurred before 1.4.2001 is not to be considered
- (3) The period of Holding (POH) & Cost of the Asset is taken according to the previous owner.
- (4) Indexation is also taken as per the previous owner following the decision given in the Case of Manjula J. shah.

Alternatively Indexation could have been taken of the year in which the asset is received following the provisions as per the Income Tax Act.

5 If the Asset is purchased before 1.04.2001, the Cost to be taken will be the Actual Cost or FMV as on 1.4.2001 whichever is higher.

Que Gold Purchase on 6 May 1995 for ₹ 3 lacs
 Comm. Pay 24000
 Gold sold on 21 July 2024 for ₹ 13 lacs
 Gold FMV 1.4.2001 = 365000

Sale Value	13,00,000
less Cost (Higher of below 2)	
Actual Cost	3,24,000
(31+24000)	
or	
FMV 1.4.2001	3,65,000

Indention	
$\frac{365000}{100} \times 363$	(13,24,950)

LT Cap. Gain Tax	<u>(24,950)</u>
------------------	-----------------

~~What~~
 Q What if Gold was sold on 23.7.2024??
 (After Amendment)

SV	13,00,000
(-) Cost (Higher)	3,65,000

LT Cap Gain	9,35,000
Tax	@ 12.5%
	<u>1,16,875</u>

Que Building was Purchase on 17 May 1991 for ₹10l.
 FMV as on 1.4.2001 is 10,30,000.
 Comm. paid during purchase was ₹ 40,000
 Building sell on 6 May 2024 for ₹ 84 lacs.
 Find Cap. Gain

Sale Value 84,00,000
 Cost (Higher)
 Actual Cost 10,00,000 + 40k
 10,40,000

(or)

FMV 1.4.2001 10.3l.

$$\frac{1040000}{100} \times 303 \quad (37,75,200)$$

LTCG

46,24,800

(6) Only in the case of land & Building if
 it's purchased before 1.4.2001 the cost
 to be taken will be

Higher } FMV as on 1.4.2001 (or) SDV as on 1.4.2001 } Lower
 VS
 Actual cost of the Asset

Que Mr. A purchased a land on 7th May 1996 for ₹ 20 lakhs.

FMV as on 1.4.2001 = 22 lakhs

SDV as on 1.4.2001 = 18 lakhs

Land is sold on 5 Dec 2024 ₹ 2 Crore.

Find Cap. Gains

Option 1

Sale Value 2 Crore
less Cost

SDV or FM (Lower)

18l 22l

18l vs Actual Cost (Higher)
20l.

Cost = 20l.

With Indentation.

(72,60,000)

$\frac{20l}{100} \times 363$

LTCG

1,27,40,000

Tan @

20%

25,48,000

Option 2

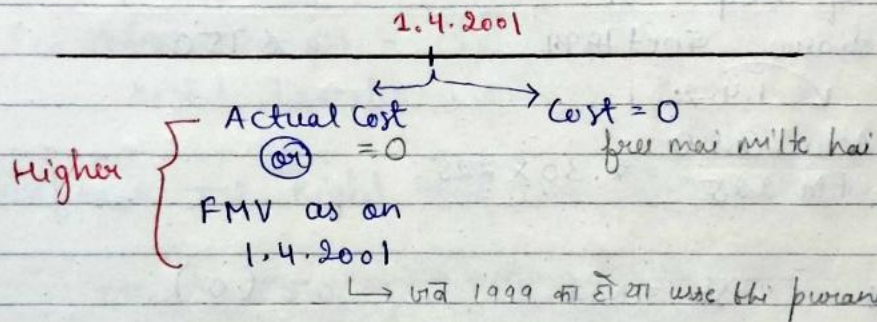
SU	2 Crare
Cost	(202)
LTCG	1.8 Crare
Tax @	12.5%
	<u>22,50,000</u>

∴ Option 2 opt.

*

BONUS

Bonus share



Lec 6 20 May end lec

Example

30 Bonus shares receive on 5th Oct 1999
40 Bonus shares receive on 8th Dec 2006
FMV as on 1.4.2001 is £ 225 per share
All shares were sold for £ 380 per share on
6th May 2024

Find Capital Gains (ignore indexation for now)

Sale Value

• 70 shares x 380 per share = 26,600
(30+40)

• Cost of Acq.

30 shares 5 Oct 1999 6750

✓ 1.4.2001

Higher { Actual Cost 0
FM 225 ⇒ 30 x 225

• 40 shares = Cost = Nil (0)

8 Dec 2006

LTCG

19850

* Right shares → (Existing sh. holder se poocha Jaata hai ki thoda saaste mai buy karke buy karna hai toh Karlo)

(I) Tata Motors Market Value = 700 Rs
Right issue = 430 Rs. ✓

Purchase ✓

Cost 430 → (as a shareholder) ↓
POH start = share allotment ✓ (जैसे allot huge)

(II) Shares reannouce → Transfer

friend MV = 700 Rs
Right issue = 430 Rs

Per shares charges = 150
Right Transfer.

Transferer → Right issue transfer. (Cap Hf ⊖)

SV × 150 ← (extra charge for Right Hf Kio)
Cost 0
Short term 150
Cap Gain

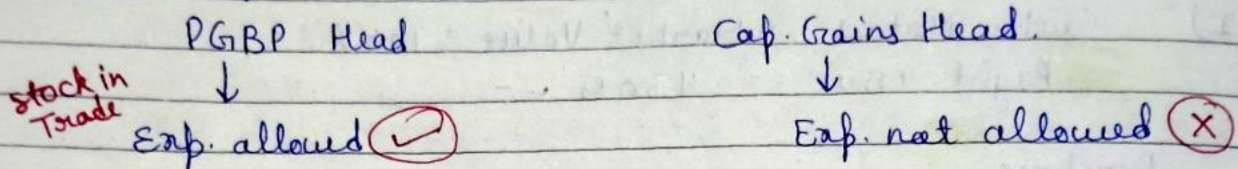
(III) Friend share purchase

Cost Purchase price	430
+ Right Purchase	<u>150</u>
Cost	<u>580</u>
Per share	

POH = shares
allot.

online Trading shares → buy/sell → Nominal tax pay (✓)

* Securities Transaction Tax (STT) ←



Share 100
~~100~~
+ STT 3
Cost 103

Cost 100

Lec 7 21 Mar

* Calculation of Goodwill Depreciation & Capital Gains

Before Amendment: Goodwill → PGBP ✓
Depreciation ✓
I. Asset @ 25%.

After Amendment: Goodwill Valuation

- PGBP X
- Cap. Gains ✓

Cap. Gains (old Goodwill) Cost ??
Dep. upto PY 19-20 (Fixed)

Example :- Goodwill Purchase PY 16-17 for ₹ 30 lakh
 Cost ?? WDV = 30 lakh

16-17	25%
17-18	25%
18-19	25%
19-20	25%

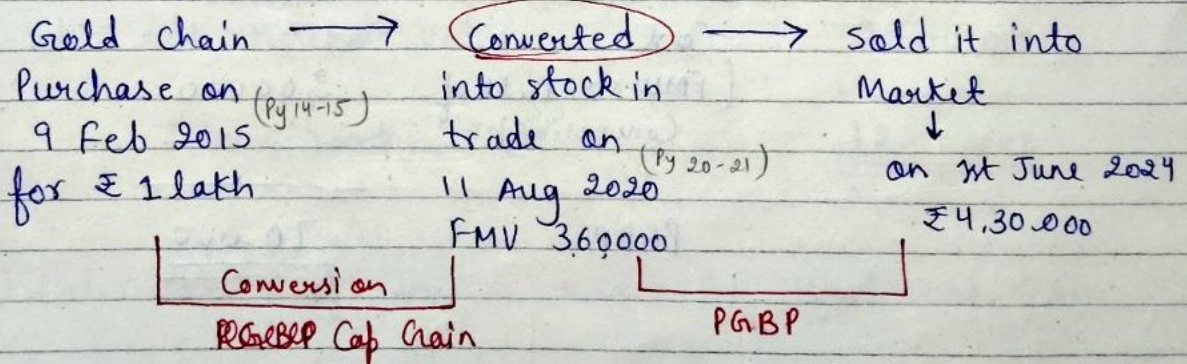
Cost = 949218

* Year of Chargeability :-

(1) Capital Asset → Taxability → year in which many or
 Destroy ?? other Asset is received
 from ins. Company.

* Conversion of Capital Asset into stock in Trade

Transfer ✓



Cap. Gains

- POH 9 Feb 2015 to 10 Aug 2020

Gold > 36 month = Long term Cap. Asset
Benefit of Indexation

Sale Value (FMV on Conversion)	3,60,000
(-) Cost (Indexed Cost)	3,00,000
	(1,25,417)
$\frac{1,00,000}{14-15} \times \frac{20-21}{240} \times \frac{301}{301}$	

Long term Cap Gain 2,34,583

- Stock in Trade Business \rightarrow PGBP

Sale Value	4,30,000
Cost (FMV on date of Conversion)	3,60,000
PGBP	<u><u>70,000</u></u>

Tax will be paid in the year in which money is received.

Conversion 20-21 (Transfer)
Sell 24-25

Cap. Gain Pay 24-25

* Conversion of S.I.T into Capital Asset

Building Purchase 11 Dec 2009 ₹ 20 lakhs S.I.T	→ Convert into Cap. Asset on 6 May 2015 FMV 32 lakhs	→ Cap. Assets Sell on 9 May 2024 for ₹ 40 lakhs
---	---	---

Find income Taxable.

Sol

Stock in trade being Converted into Capital Asset

(A) Calculation of Income under the Head PGBP.

(a) Sale Value (FMV as on the date of Conversion)	32,00,000
(b) Less Purchase Value	20,00,000
Income under PGBP	<u>12,00,000</u>

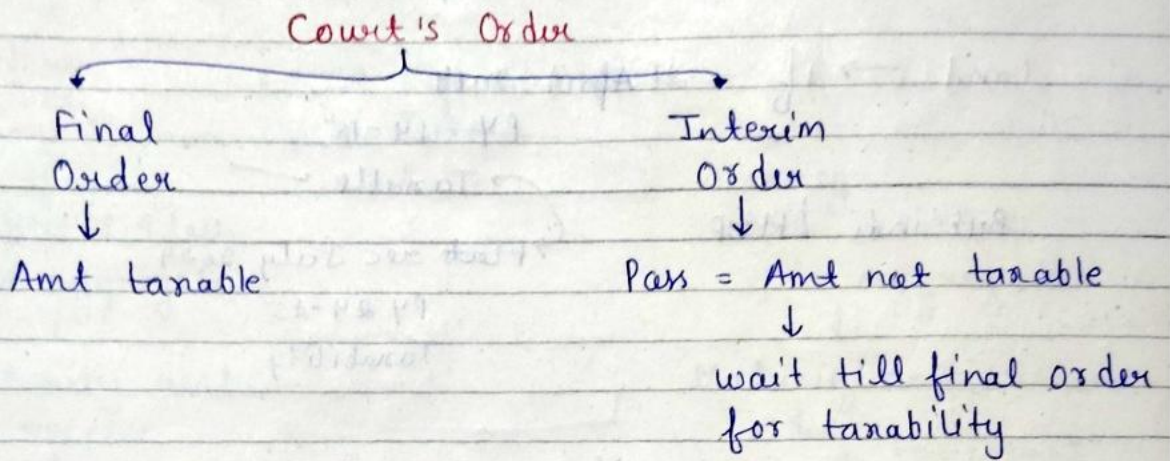
(B) Calculation of Income under the Head Cap. Gain.

For Building

(i) Period of Holding → will be Considered
from the date of Conversion
6 May 2015.

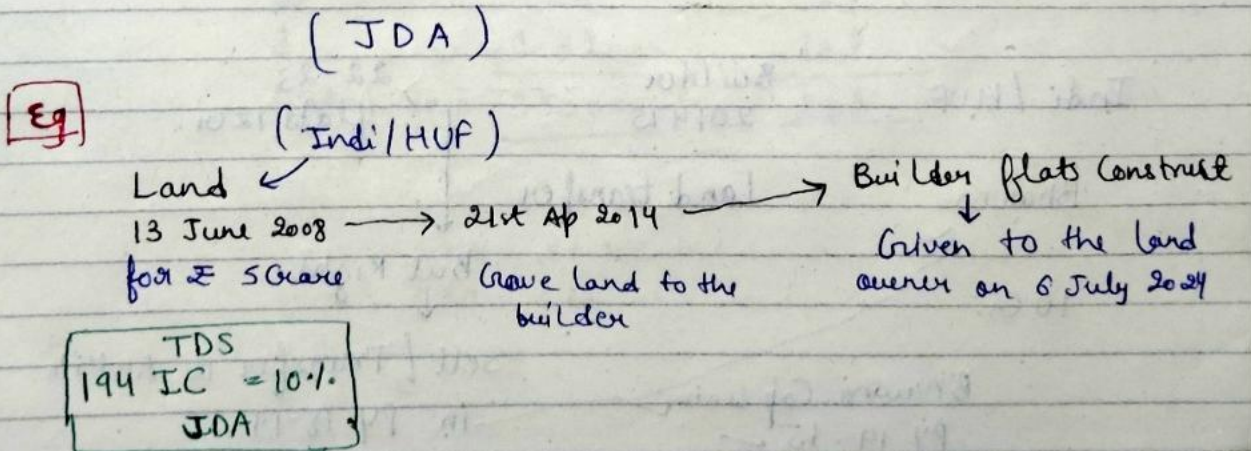
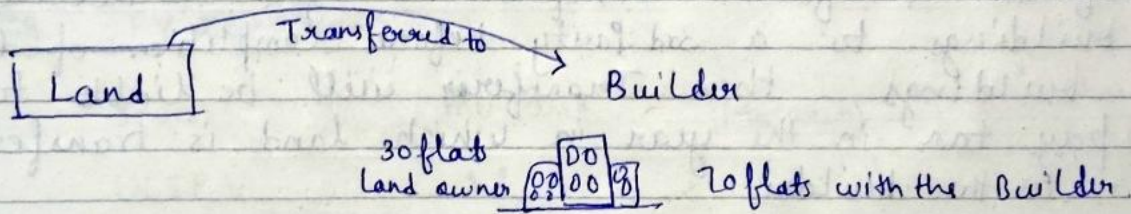
22-23 sec = 4 Cr.
 But full amt
 10 Cr. will be taxable

Taxable
 27-28 = 1 Cr.
 30-31 = 1.8 Cr.



= Lec 8 21 May 2nd Lec

* Section 45(5A) Joint Development agreement



Like = 30 flats rec SDV
40 lakh per flat.

flats rec }
12 Cr. Value.

Land → T_f = 21 April 2014
PY = 14-15

But indi / HUF

Taxable ✓
Flats rec July 2024
PY 24-25
Taxability

Sale Value = 30 flats x 40 lakh = 12 Cr.
(SDV)

If the transferor transfers the rights to Receive buildings to a 3rd Party before Completion of the buildings, then Transferor will be liable to pay tax in the year in which land is transferred to the builder.

Indi / HUF

Builder
2014-15

22-23
flats 12 Cr.

Bhawna

Land transfer

But Right

10 Cr.

Sell / Transfer to Ankit
in PY 18-19

Bhawna Cap Gain ✓
PY 14-15 ✓

Tax.

* Unit linked Insurance Plan (ULIP)

Mutual fund

↓
1 option

before
1.2.2021
fully exempt

ULIP investment

1.2.2021

yearly
upto 2.5 lakh
in aggregate

yearly
upto > 2.5 lakh
in aggregate

↓
Maturity amt
receive

↓
Maturity amt receive

↓
Exempt

↓
Taxable (over & above)
(Check details in the
Calculation)

Eg PY 2024-25

Invest	Inv. amt	Maturity
ULIP 1	1l	5l
2	1.2l	8l
3	1.3l	10l
Total inv.	<u>350000</u>	<u>23l</u>

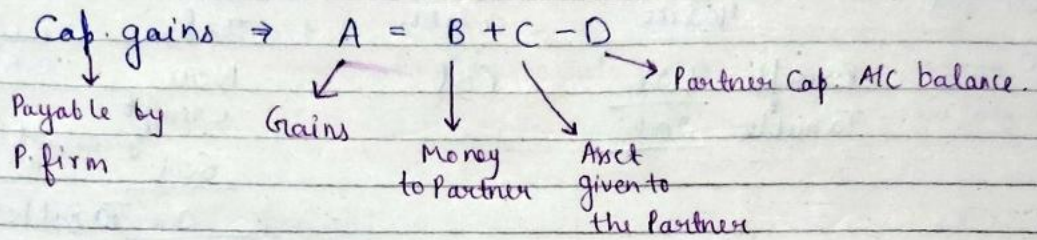
1 x 2 = 10l taxable

2 x 3 = 8l taxable

2 x 3 = 5 lakh taxable

* Section 45(4)

P firm / AOP $\xrightarrow{\text{Transfer Asset to}}$ Partner



Eg Partner's Capital = 20l
 Money given = 18l
 FMV of Asset given = 30l
 Find Cap. Gains

$18 + 30 - 20 = 28l$

\downarrow Money \downarrow Asset \downarrow Capital \rightarrow Cap Gain Tax pay by firm

Cap. Gains is taxable in the year in which asset / ~~money~~ Money is rec. by the Partner

* Section 54 Series of Section 54 (Tax benefit \rightarrow Exception)

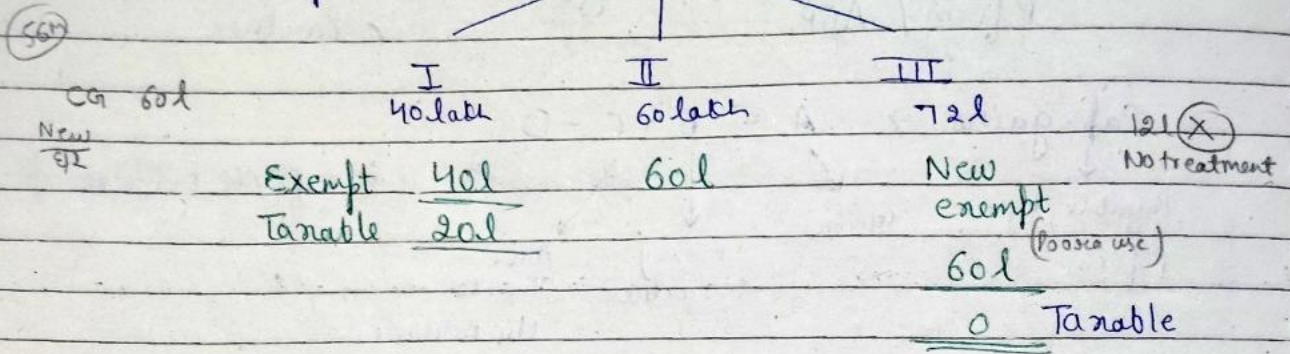
Like: - ER buy \rightarrow sell ER \rightarrow Cap Gain exempt.

Eg

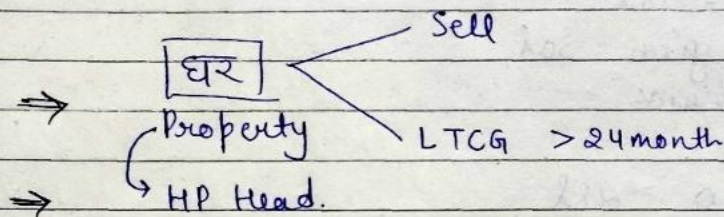
Building sell	90l	
Indexed Cost	(30l)	
	<u>60l</u>	LTCG.

Golakh

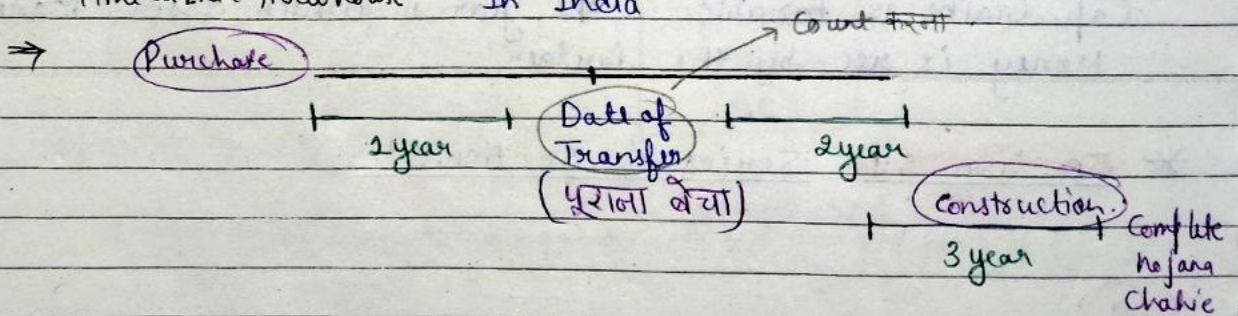
New house purchase



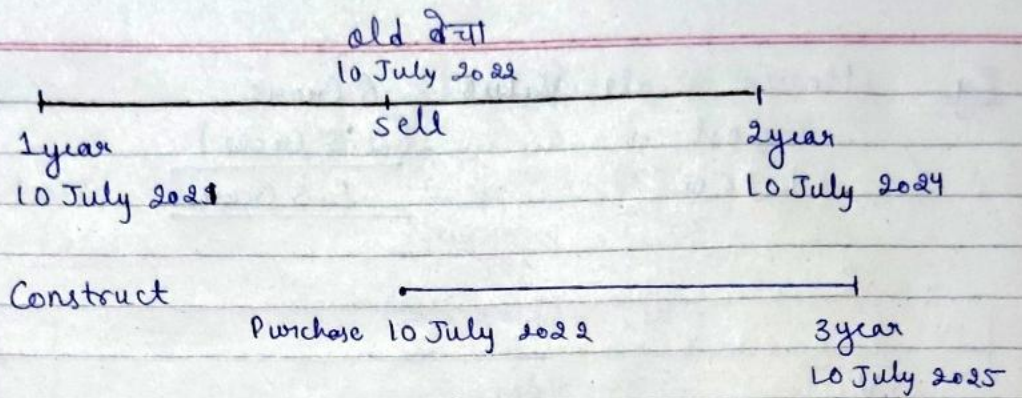
⇒ Indi / HUF :-



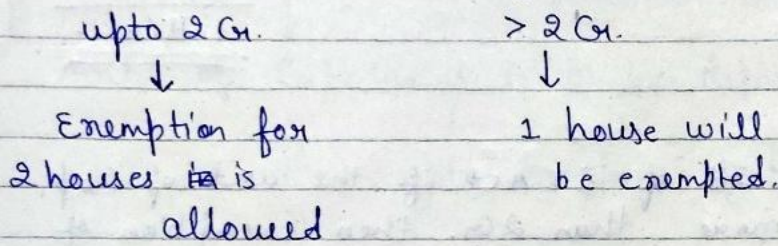
← ETR Purchase
Time limit, Newhouse 'In India'



Eg



⇒ Capital Gains



Eg If 3 CR Purchase
1Cr, 50L, 30L.

Cap. Gains 1.8 Cr. or more
1Cr 50L
Exempt = 1.5 Cr.
Taxable = 30L

If Cap gain upto 2 Cr,
max 2 houses exempt.

Eg House sale Value 6 Cr
 (-) Cost (2.5 Cr)
 LTCG 3.5 Cr

SV	6 Cr
(-) Cost	(2.5 Cr)
LTCG	3.5 Cr
less Deduction u/s 54 (Note 1)	(2.1 Cr)
CG taxable	<u>1.4 Cr</u>

Note 1:- As per sec 54 of IT Act if the amt of Cap Gain is more than 2 Cr. then exemption of only 1 house is allowed.

In this case 2 houses were purchased for 2.1 Cr. & 1 Cr. respectively hence we are giving deduction of Higher amt.
 i.e., 2.1 Cr.

- New house Purchased lock in \rightarrow 3 year
- Max Cap. Gains Exempt is 10 Cr. (Sec 54 & 54F)

Eg
 Cap Gain 15 Cr.
 New house
 Case (1) 8 Cr
 Case (2) 13 Cr.

Case ①

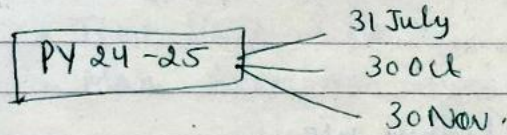
CG = 15 Cr.
New house = (8 Cr)
Exempt 8 Cr. 7 Cr
Taxable

Case ②

C.G. = 15 Cr.
New house = (13 Cr)
13 Cr
max exempt (10 Cr)
Taxable 5 Cr

* Cap. Gain Accounts Scheme

Amt. of Cap. Gains is to be deposited in CGAS
↓
upto due date of Return filing

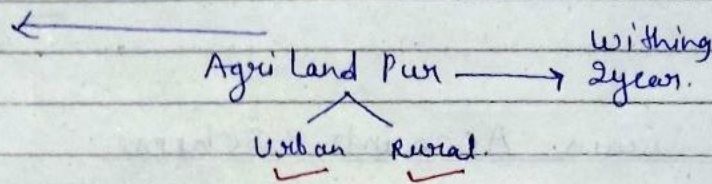


Suppose 1 Cr. deposited in Cap. Gain Acc scheme for 2/3 yrs and at the end 2 lakhs is still left, then 2 lakhs will become taxable.

* Section 54B

- Indi / HUF

Urban
Agricultural land last 2 years agri. pur. use.



- CGAS ✓
- Calculation same as sec 54
- lock in 3 years.

Section 10(37)

→ Last 2 years. agri purpose use.

- UA land.
- Compulsory acquire.
- By CG / RBI
- Cap. gains exempt ✓

Section 54D

- Any Assessee
- Industrial purpose use (last 2 years)
- Industrial undertaking
- New pur / Construct industry within 3 years.
- Compulsory acquisition CGT/RBI

- Calculation same as sec 54
- Lock in 3 year
- CGAS ✓

Lec 10 22 Mar

Imp (Awaraga)

* Section 54EC

- Long term > 24 month

sell → sec(54) → Cap. Gain.

↓
invest

Rural electrical Corp. Ltd.

Indian Railways finance Corp.

Bonds → NHAI, RECL, PFC, IRFC

National highways Authority of India

Power finance Corp.

- Time limit 6 Months
- Max Exemption limit upto 50 lakh

↓
5 years Lock-in-period

- CGAS NO

Case ① Building sell long term

SV = 90 lakh

Indexed Cost = 20 lakh

} Cap Gain = 70l

NHAI Bond investment = 62l

Find Cap gain taxable & exempt.

SV = 90
Cost = 20
CG = 70l

Invest 62l
Max. Exemption (50l)
(54EC) allowed

70l - 50l = 20l

20l Taxable.

Case 2 Land pur. on 16 May 2020 for ₹ 17l
It was sold on 21 Ap. 2022 for ₹ 50l.
Invested in NHAI & RECL total 22l.

Find Cap gain taxable.

6 May ↓ 6 May 2022
Ap 2022 sell

Short term.

SV	50l
Cost	(17l)
	<u>33l</u>

SEC exempt	NO
Long term, Land	
Building	<u>33l</u> Taxable

Case 3 Long term Building
Sale Value = 1 Cr.
Pur. Value = 62 lakh

New Bonds purchase = 45 lakh.
(NHAI + RECL)

Find Cap. Gains Taxable

SV	1 Cr.
Cost	(62l)
Cap. Gain	<u>38l</u>

Invest 45l	(38l)	Exempt.
	<u>0</u>	Taxable

* Section 54F

Any long term Cap. Asset (LTCA) → sell
 Building (X) 1 Building
In India

←
 GTR Purchase
 In India

Purchase ———— 1 year ———— 2nd year

Construction ———— Exempt 3 year

Case (1) Gold sell 1 Cr. } Total
 Indexed Cost 30 lakh }
 New house purchase 80 lakh.

Gold	Cap. gain	1 Cr.
		(30l)
		<u>70l</u> Cap. Gain.

Exemption

$$\frac{80 \text{ lakh}}{1 \text{ Crore}} \times 70 \text{ lakh}$$

$$\text{Exempt} = 56 \text{ lakh.}$$

Cap. Gain	70
Exempt	(56)
	<u>14</u>

Taxable.

Case 2 Painting sell ₹ 2,80,00,000
Indexed Cost ₹ 1 Cr.
New house purchase 2.8 Cr.
Find Cap. Gains taxable

SV	2.8 Cr.
Cost	(1 Cr)
L.T. C gain	<u>1.8 Cr</u>

$$\text{New pur. SV} \frac{2.8 \text{ Cr.}}{2.8 \text{ Cr.}} \times 1.8 \text{ Cr.}^{(CV)} = 1.8 \text{ Cr. exempt}$$

Cap Gain	1.8
Exempt	(1.8)
Taxable	<u>0</u>

Case (3) what if in the above Case new house would have been purchased for 2.5 Crores.

SV	2.8 Cr.	
Cost	(1 Cr)	
	<u>1.8 Cr</u>	Taxable

Exemption

$$\frac{2.5 \text{ Cr} - 2.8 \text{ Cr}}{2.8 \text{ Cr}} \times 1.8 \text{ Cr}$$

Exempt = (16071429)

Taxable 1928571

* Few more Conditions u/s 54F

- New house Purchase u/s 54F
Lock in 3 year.
CGAS ✓

⇒ Additional Condition

A person buying / Constructing house u/s 54F
Can have max 1 house on the date of Transfer

Eg

- 0 ETB ←
- 1 ETB ← already
- (X) 2 or more ETB ←

Gold sell
6 Dec 2024.

⇒ Once a house is purchased / Constructed u/s 54F then assessee cannot purchase another house within next 2 years or construct within next 3 years.

54F → one more new house
 ER
 Purchase Pur → 2yr (X)
 Construct → 3yr (X)

* Max net sale Consideration can be taken here is ₹ 10 Crores for the Purchase of house

Eg ① Sale Value Gold 15 Cr.
 Cost 2 Cr.
 New house pur. 11 Cr. ↓
 Find Cap. Gain 10 Cr se jyada
 nai hona chahie

Sale Value	15 Cr.
Cost	2 Cr.
C. Gain	<u>13 Cr.</u>

Exemption

11 Cr.	10 Cr.	
<hr/>		X 13 Cr.
15 Cr.		

Exempt (8.67 Cr.)

4.33 Cr. Taxable

Eg 2

Sale Value = 17 Cr.
Painting Comm. on Sale = 1 Cr.
Cost of Painting = 2 Cr.
New house pur. = 9 Cr.
Find Cap. Gain.

SV	17 Cr.
Sell Comm	(1 Cr)
Net Sale	<u>16 Cr</u>
Consideration	
(-) Cost	<u>(2 Cr)</u>
Cap. Gain	<u>14 Cr</u>

Exemption

Exempt

$$\frac{9 \text{ Cr}}{16 \text{ Cr}} \times 14 \text{ Cr} = 7.875 \text{ Cr.}$$

↓
within 10 Cr.

CG	14 Cr
(-) (7.875)	
Taxable	<u>6.125 Cr</u>

→ 54B UAT Sells

Lec 11 24 Mar

Q Gold SV = 20 Cr. (7 Cr)
Cost = 13 Cr.
New house purchase = 16 Cr.
Finan Cap Gain taxable ??

$$\rightarrow \frac{10 \text{ Cr}}{20 \text{ Cr}} \times 7 \text{ Cr}$$

exempt (3.5 Cr)
Taxable 3.5 Cr

* Section 54G

54GA

Industry shift

urban → Rural

urban to SEZ

New purchase

- Land / Building / P&M / shifting charges
- Lock in = 3 years
- CGAs = ✓
- Calⁿ = same as Sec 54.

* Section 54 / 54B / 54D / 54G & 54GA

Cost of New Asset will be reduced
(catch ~~on~~ as done above) ↓

Ex 54 [Eg] Build sell 90 lakh (54)
Cost (20l)
Cap Gain 70 lakh
New house pur 1.1 Cr.

Now this house is sold before lockin period
at 2 Cr.

Calcⁿ ⇒ Sale V. 2 Cr.
(-) Cost (1.1 Cr) ~~1.1 Cr~~
 - (70l) 40l

1.6 Cr Cap Gain

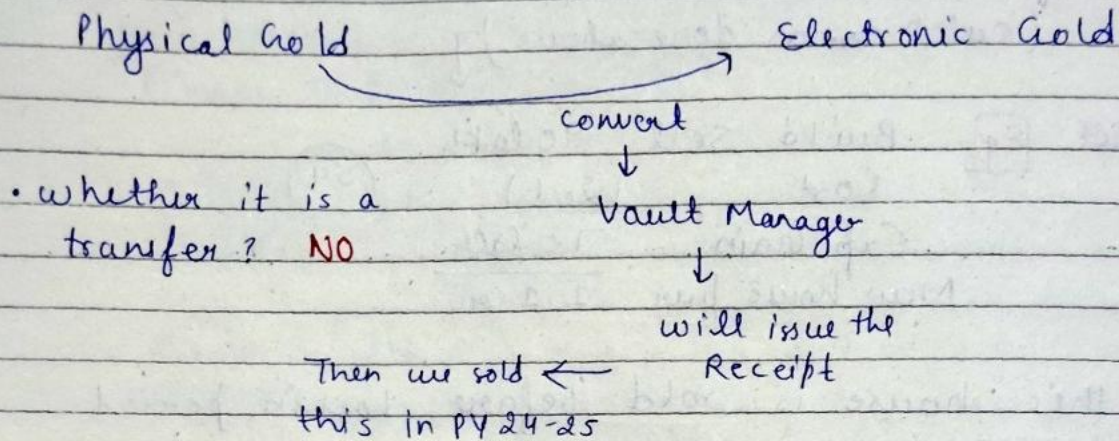
* Section 54 EC & 54F

Capital Gains exempted earlier will be taxable
now,

suppose we exempted 40 lakhs → 2 years back ↓

Now 40l will be
in Com.

* Electronic Gold Receipt



Cost 15-16 Original Cost

POH 15-16

Indenation 15-16

• vice versa of above is also the same.

① * specified MF's & ② Market linked Debentures

↓
Max 35% Equity investment

③ Unlisted Bonds & Debentures (23.7.2024 onwards)

* Market Linked

* Section 51 Advance Money Received (forfeited)

Eg

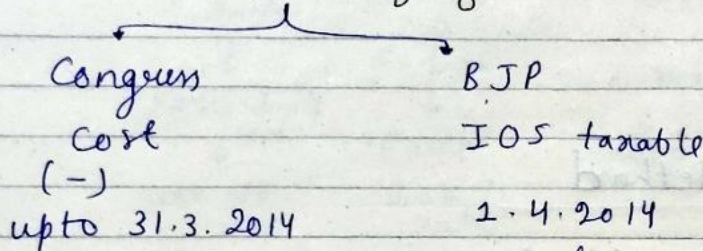
Building cost 30l

Sell to 'A' for 1cr.

Taken rec. from 'A' = ₹ 10l
(Booking amt)

A failed to pay remaining amt within
prescribed time.

Seller 10l forfeit.



Eg • Cost 30l
forfeit (10l)

Cost 20l → Indentation on 20l sale
where required

• Cost same 30l
10l IOS Taxable

* Shares → Cost to be taken on FIFO basis

Eg Dr. Sethi. shares

- 1994 130 shares → Physical Certificate
 ↳ 2003 Demat purchase 100 shares
 2007 Purchase = 500 shares.
- Convert 2009
 in Demat form = 130 shares
- 2013 Purchase = 600 shares
- 620 shares Sell

sol FIFO Method

2003 = 100 shares
2007 = 500 shares
2009 = 20 shares.

* Slump Sale No indention (X)

• Individual Assets POH (X)



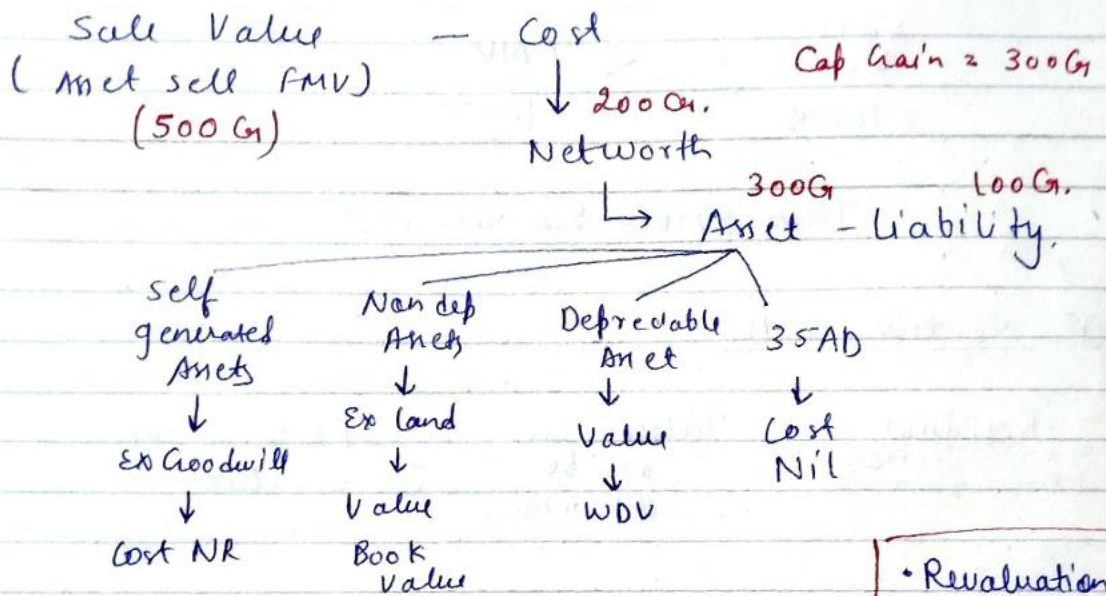
Check Business POH (✓)

} Business > 36 month
Long term

up to 36 Mon. short term

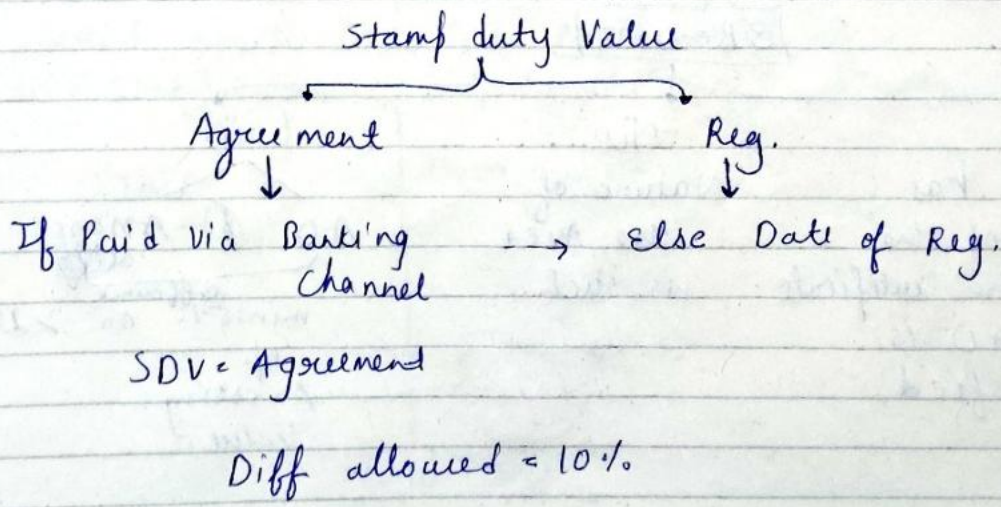
• After amendment POH → 24 months
23.7.2020 2024 onwards

Calculation



• Revaluation Not allowed

Section 50C



49970-

* Section 50 CA

Pvt. Co. shares.

Sale Value is < FMV
100rs. ✓ 130rs.

Then FMV = ~~the~~ sale Value.

* Section 50D

Residual Section

Value can not be ascertain = FMV is the Value

Lec 12

* Section 55A Reference to the Valuation officer VO

3 Reasons

(i) Assessee has already got the Valuation Certificate but AO is dissatisfied

(ii) Nature of the Asset is such

→ 0000
88

(iii) AO (i) Assessee difference mins. of Assessing Value. an > 25000

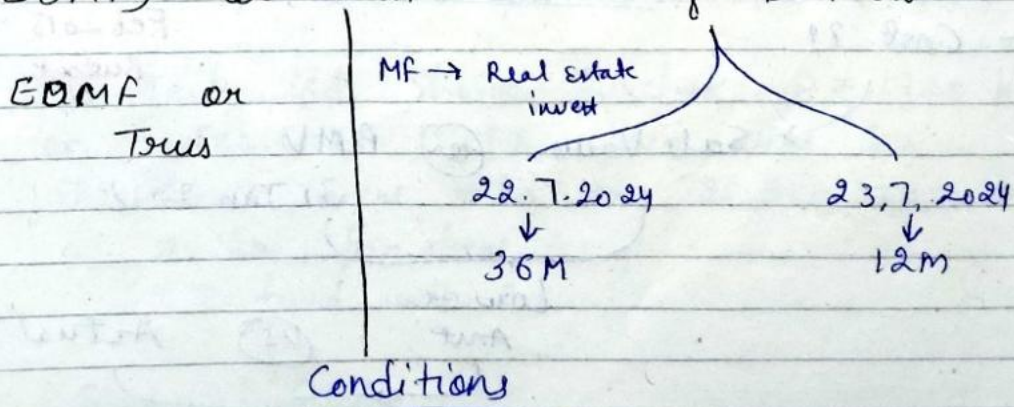
Eg ① Assessee Value = 1 lakh
AO = 1,20,000
diff > 25000 (X)

min 15% (or) > 25000 (X)
1l x 15%
= 15000 VOC case

② Assessee Value = 10 lakh
AO Value = 11 lakh
Actual diff = 1 lakh

min 15% or > 25000 (yes)
10l x 15%
= 1,50,000
(NO)

* Taxability of listed Equity shares, POH = 12 Months
listed Equity Oriented Mutual fund.
(EOMF) or listed units of Business



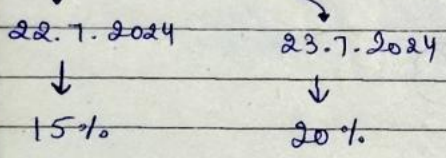
Conditions

- Listed Equity shares = Pur & Sale → STT paid
- Others $\begin{cases} \text{EOMF} \\ \text{B.T. Trust} \end{cases} = \text{Sale} = \text{STT Pay}$

yes

STCA

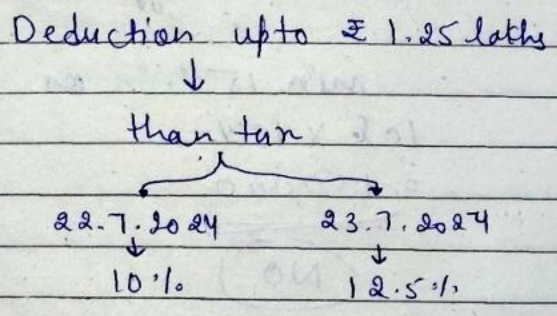
Section 111A



LTCA

Indexation (X)
87A Rebate (X)

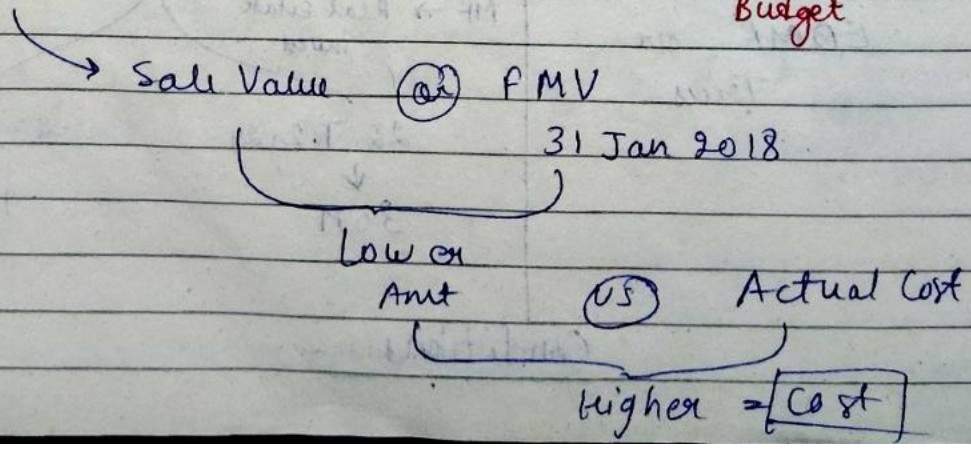
Section 112A



* Calculation Section 112A

Sale Value | 1 Feb 2018
- Cost ??

Feb 2018 Budget



Que Listed shares purchase on 7 Feb 2016
 600 shares @ ₹ 320 each
 Sell on 5 Nov 2024 @ ₹ 670 each
 FMV 31 Jan 2018 ₹ 500 per share
 Find Cap. Gain Taxable

Sale Value	$\frac{670}{\text{rs}} \times 600 \text{ shares}$	402000
less Cost	$\frac{500}{\text{rs}} \times 600 \text{ shares}$	(300000)
	LTCG	<u>102000</u>

W Note

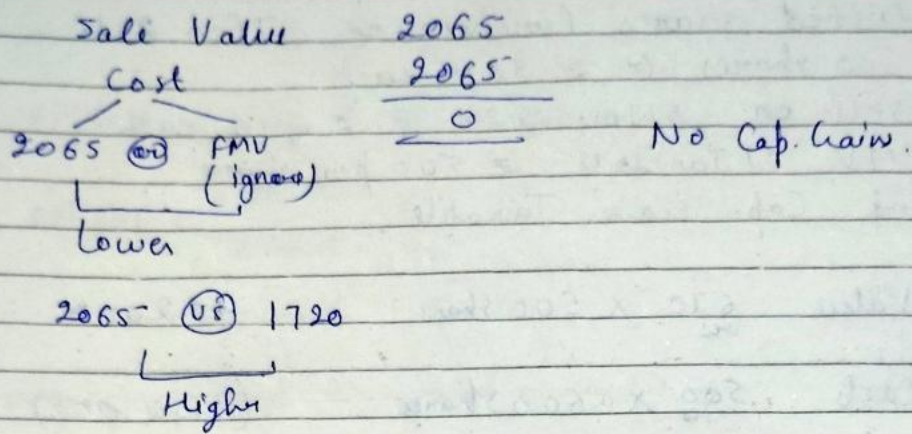
Calculation of Cost U/s 112A

- (a) Sale Value = 670
- (b) FMV 31 Jan 2018 = 500
- (c) Lower of above two = 500
- (d) Actual Cost = 320

∴ Cost is Higher of C & d.
 Cost per share = 500rs.

Que HCL Tech Ltd. shares purchase @ ₹ 1720 per share
 on 11 Feb 2023. STT paid was 2%.
 540 shares were sold on 28 Dec ~~2023~~ 2024
 @ ₹ 2065 per share
 STT paid was 2%.

Find Cap Gains



Qw what if in the above case shares were purchased 11 Feb 2024.

Purchase	sell
11 Feb 2024	26 Dec 2024

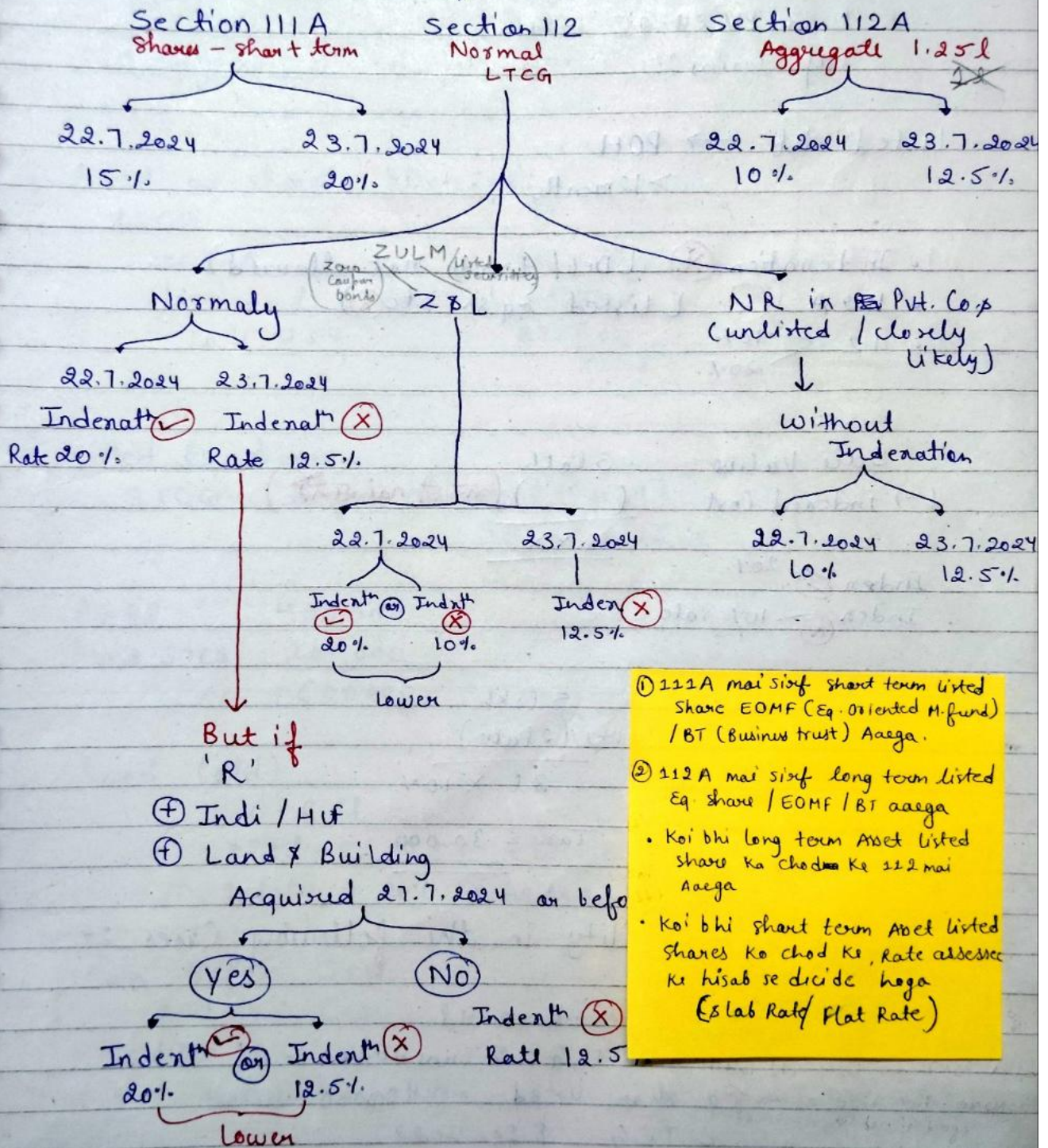
Short term.

$$\begin{aligned}
 &SV = 2065 \\
 &(-) \text{ Cost} = (1720) \\
 &\hline
 &345 \text{ per share} \times 540 \text{ shares}
 \end{aligned}$$

$$STCG = 186300$$

Lec 13 25 Mar

Rates chart



Listed Eq share 6 Apr. 2024

STCG = 90,000

old Regime, find Tax liability.

• listed Eq. shares 8 Dec 2024

LTCG

sec 112A

400,000

after amend

dedⁿ

(125,000)

Rate 12.5%

275,000

x 12.5%

34,375

• Listed Eq. shares

STCG (Before amend 6 Apr 2024)

90,000 x 15%

13,500

• PGBP 400,000

Land STCG 200,000

600,000

SLad (old)

0 - 2.5% = Nil

> 2.5% - 5% @ 5% = 12,500

1 lakh x 20% = 20,000

32,500

Tan before Cess

Add 4% Cess

80,375

⊕ 3,215

Tan liability

83,590

Case 2) HP income = ₹ 3 lakh
 Gold LTCG = ₹ 5 lakh 5 Nov 2024
 Shares STCG 111A = ₹ 2 lakh 8 Dec 2024
 Shares LTCG 112A = ₹ 7 lakh 6 May 2024
 Building STCG ₹ 1,60,000

find tax lia New Regime.

HP & Building STCG
 $3l + 1.6l = 4.6l$

New Regime

• Slab = 0 - 3l = Nil
 $1.6l @ 5\% =$

8000

• Gold LTCG 112 after Amend.
 Rate 12.5%
 $5l \times 12.5\%$

62500

• Shares STCG 111A After amend.
 $2l \times 20\%$

40000

Shares LTCG 112A Before Amend
 7l
 $(125000) 575000 \times 10\%$

57500

168000

4% Cess

(+) 6720

Tax liability

174720

Case 3

Salary income 4,70,000
PGBP income 2,40,000
Painting Long term on 7th Feb 2025 6,00,000
Building STCG 8 Jun 2024 3,00,000
Shares 112A 5 April 2024 1,10,000
Shares 111A 21 July 2024 70,000
Land LTCG on 4,00,000 6 May 2024

Find Tax Lia. New Regime.

• Salary	4,70,000
• PGBP	2,40,000
• Building	3,00,000
	<hr/>
	10,10,000

Slab (New)

0 to 3l = Nil
4l @ 5% = 20,000
3l @ 10% = 30,000
10k @ 15% = 1,500

51,500

• Painting Long term 112	After Amed	75,000
	12.5%	
	6l x 12.5%	

• Shares 112A Income	1,10,000	
	(1,10,000)	0

(27.7.2024)

• Shares 111A Before Amend 15% 10,500
70,000 x 15%

• Land LTCG Sec 112 Before Amend 80,000
20%

4L x 20%

+ 4% Cess

2,17,000

8,680

2,25,680

Lec 14 25 Mar 2nd Lec

Date.....

Case (4) Salary received 4 lakh
LTCG Gold 80,000
Sold on 5 Oct 2024

Find tax liability as per the New Regime.

Salary Rec 4L 1- Stand ded ⁿ 16(a) (75,000)	32,500
---	--------

(+) LTCG	80,000
----------	--------

GTI / T Income	40,500
----------------	--------

Tax liability

Salary 32,500	
---------------	--

0 to 3L = Nil

25,000 x 5% = 1,250

1,250

Cap Gains 80,000 x 12.5%	10,000
--------------------------	--------

11,250

Amt before Rebate U/S 87A	(11,250)
---------------------------	----------

Tax	0
-----	---

Date.....

Case (5) Salary income 100000
HP income 150000
112A LTCG shares = 240000
Date = 11 Oct 2024.

Find tax lia. Under old regime.

Salary	
HP	150000
(112A) LTCG	240000
	<hr/>
GTI	490000

• Salary & HP

$0 - 2.5\% = \text{Nil}$

• 112A / LTCG 240000
- (125000)

115000

Tax after amend $12.5\% = 14375$

Rebate 87A 14375

+ 4% Cess 575

14950

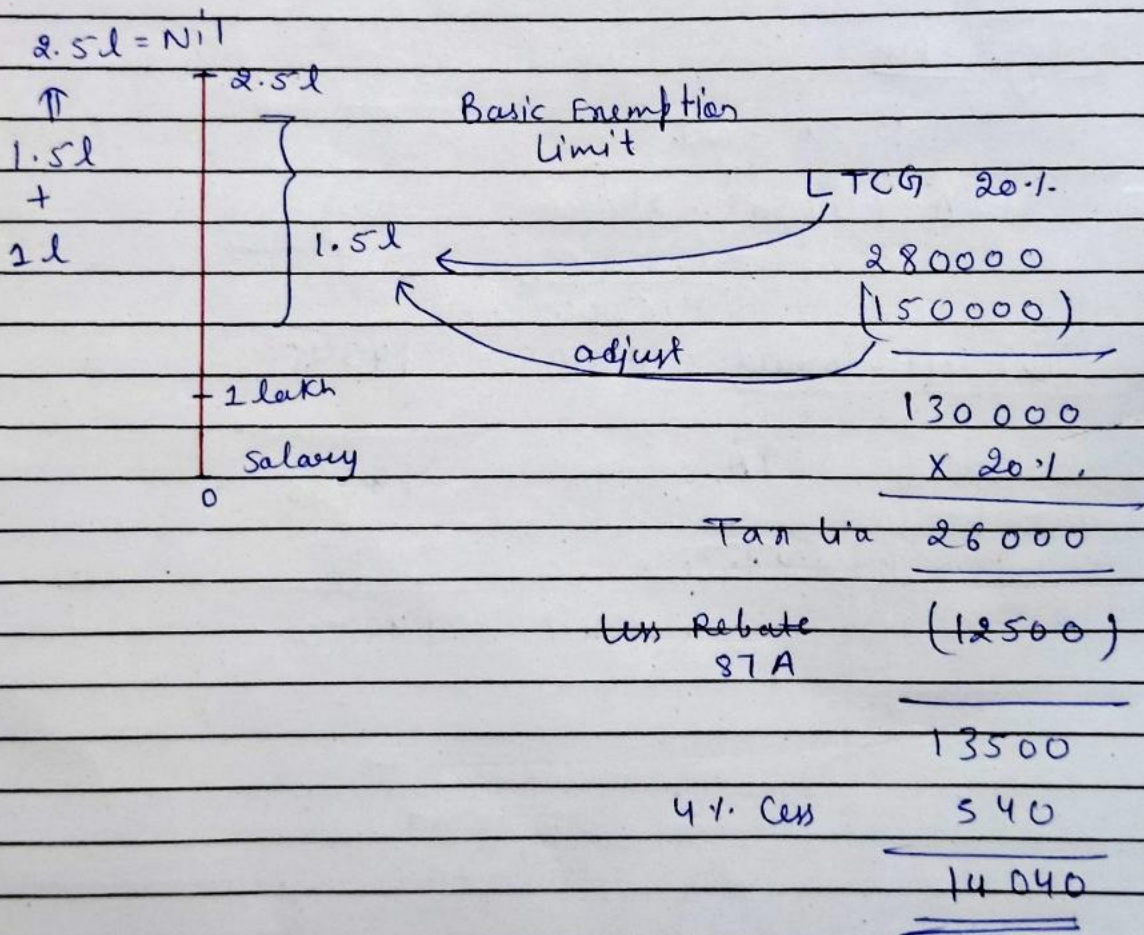
* Unenhanced Basic Exemption Limit

Basic Exemption Limit 2.5l / 3l / 5l

New Regime ↗

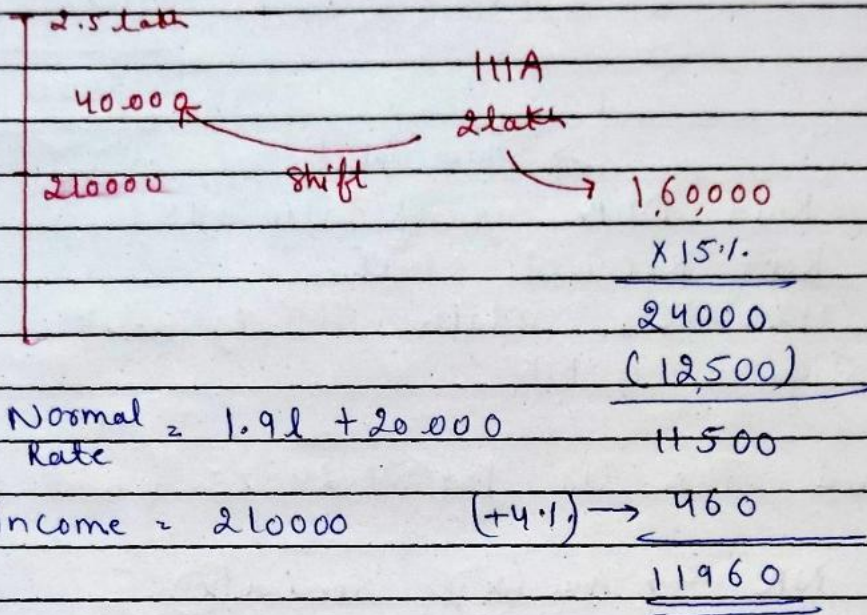
Benefit = 'R' Indi / HUF

Eg ① Salary Income = 1 lakh
 LTCG 11 April 2024 = 280000
 Tax liability ?? old Regime



Eg ② PGBP income 190000
 STCG land 20000
 STCG IIA on 1 July 2024 = 200000

Find tax liab. old Regime



Eg ③ HP income = 170000
 IIA LTCG 5 Dec 2024 = 3lakh
 Find Tax lia ??
 New Regime.

Calculation of Tax liability :- New Regime

• Tax upto ₹ 3lakh = Nil

$$HP = 170000 + IIA \times LTCG$$

(130000 adjusted)

• Tax u/s IIA

$$(300000 - 125000 - 130000) \times 12.5\% = 5625$$

No + Taxable (adjusted towards Basic exemption limit)

Date.....

Tax before Rebate	5625
Less Sec 87A Rebate (Not allowed u/s 112A)	5625
+ 4.1%	⊕ 225
	5850

(Means
→ Senior slab)

Eg (4) Riya DOB is 18 July 1951
 Rent Received 3 lakh
 112 LTCG 2 lakh 11 July 2024
 Riya is a NR.

Find Tax lia. for PY 24-25. (old Regime)

NR → Age (X) Senior (X)
 Very Senior (X)
 slab adjustment (X)

HP received Sec 24(a) ded ⁿ	3 lakh (30%)	112 X Tax.
HP income	210000	2 lakh

2.5d
 210000 ← 40000 shift !!
 NO

allowed to any R/ Indi x HUF upto 2.5 = 210000 Exempt	2 lakh X 20% 40000 Rebate X 40000 X 4% = 1600 <u>41600</u>
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Spiral

Date.....

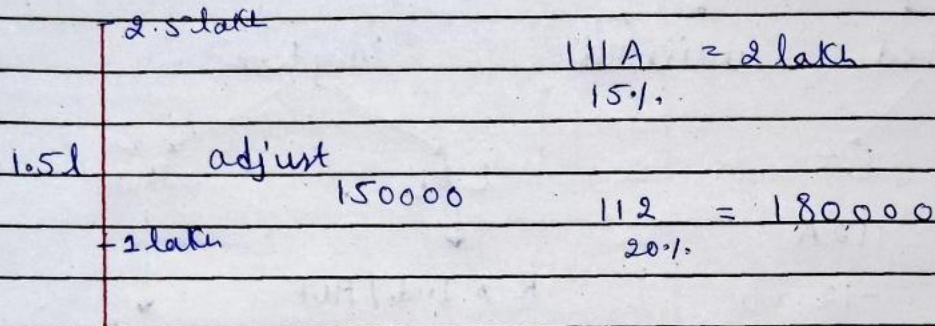
Eg (5)

PGBP income = 1 lakh

111A STCG = 2 lakh 7 May 2024

112 LTCG = 180000 6 June 2024

Find tax lia old Regime



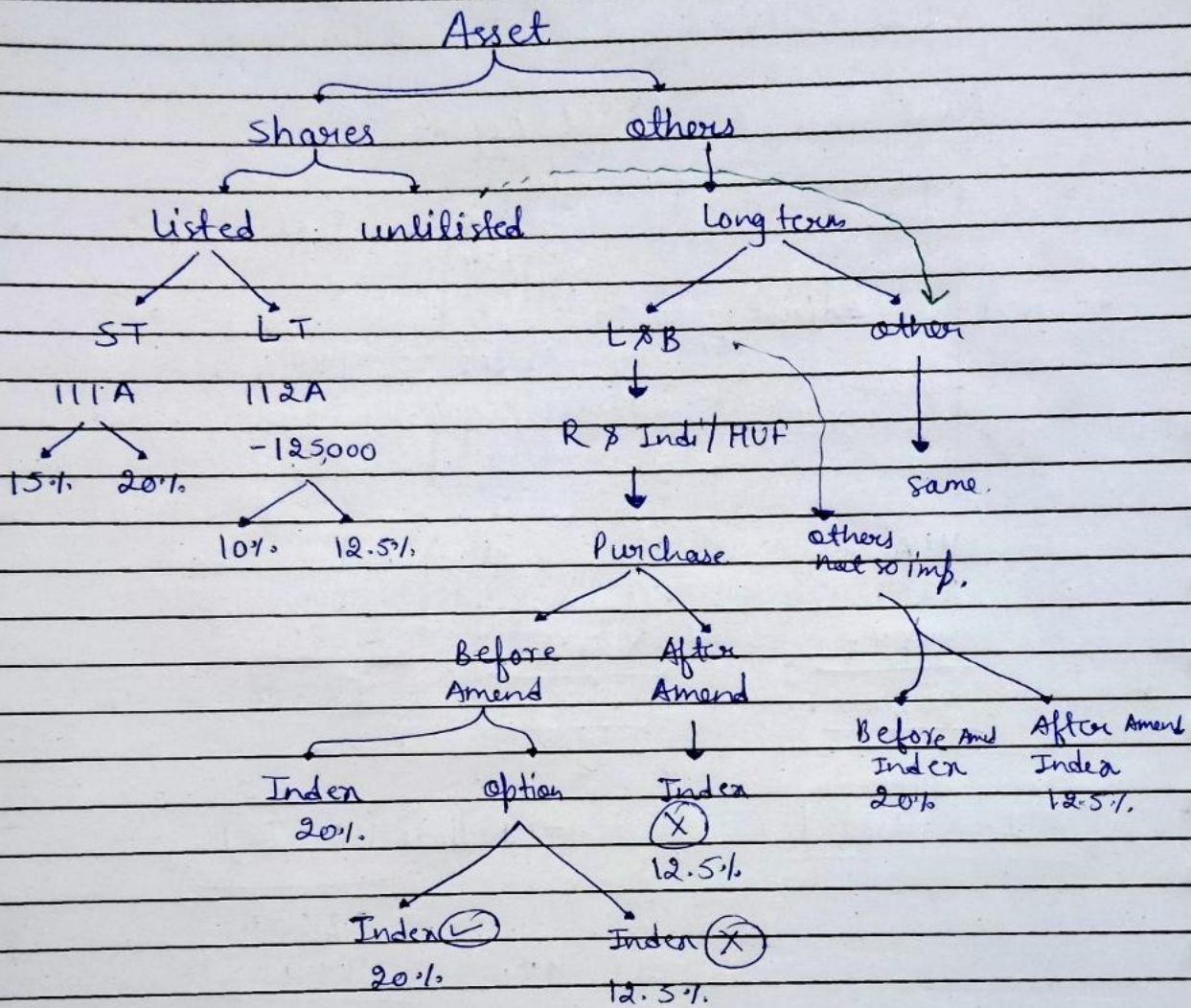
111A	112 = 1.8 l - 1.5 l
2 l	30,000
X 15%	X 20%
<u>30,000</u>	<u>6,000</u> = 36,000

TI = 4.8 l

(-) Rebate (12,500)

	<u>23,500</u>
4%	940
	<u><u>24,440</u></u>

To Recall



Date.....

Que PGBP = 6l
111A = 2l 15 June 2024
112A = 4l 3 July 2024

New Regime Tax liability?

PGBP / 6l	} Nil	= 15000
11A / 2l		

⊕

111A = 2l x 15% = 30000

112A 4l ⊕
(1.25l)
275000 x 10% 27500

72500
+ 4% Cess 2900

75400

Que Salary received = 3,00,000
Rent receive = 5,00,000
Normal STCG = 1,00,000 8 Nov 2024
112A = 1,30,000 23 July 2024
111A STCG = 1,30,000 2 Jan, 2025

Find tax lia New Regime.

Date.....

Net Salary	300000 - 75000	2,25,000
ent Rec	51 - 30%	3,50,000
ormal STCG		1,00,000
112A		1,30,000
111A		<u>1,30,000</u>
	GTTI / TI	<u>9,35,000</u>

on liability

Calculation as per slab Rates

Sal + HP + Normal STCG

$$= 6,75,000$$

Tax

0 - 3l = Nil

> 3l till 6.75l @ 5% = 18750

• 112A 130000 - 125000 @ 12.5% = 625

• 111A 130000 x 20% 26000

45375

+ 4% HEC → 1815

47190

Date.....

Que Salary income 3l
 Land LTCG 4l 5 June 2024
 Total 7l

Tax liability, New Regime.

0 to 3l → Nil
 LTCG 4l x 20% → 80,000
 Rebate (25,000)
 55,000
 + 4% less
57,200

Que salary 1 lakh
 PGBP 3l
 112A 3l 7 Aug 2024

New Regime. Tax lia.

Salary 1l
 PGBP 3l 112A
4l + 3l = 7l T Income

Rebate eligible (✓)

Slab

0 to 3l → Nil
 1l @ 5% → 5,000

112A

3l - (1.25l) (7)

175,000 @ 12.5% = 21,875

Tax 26,875

Date.....

(-) Rebate limited upto ₹5000 (5000)
as Rebate u/s 112A
is not allowed

21875

(+) 4% Cen

22750