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# lecture 22

1. 112A
2. slump sale
3. Deb Bonds
4. Sunny case (special case 10)

} LTCG → Index Not Allowed → even b/f 23/07/24

## Sec: 111A : STCG in case of eq shares, Eq oriented Mutual Funds unit, unit of Business Trust

- In case of short term capital Gain on transfer on eq share, eq oriented mutual funds, unit of business trust shall be taxable @

  - 15% (If transfer took place before 23/7/2024)
  - 20% (If transfer took place on or after 23/7/2024)

Condition : STT should be paid at the time of Sale.

~~Com~~

## # Common notes for sec 112A & 111A

1. STT not allowed under the head "capital Gain. It means if STT paid at the time of sale then it is not treated as transfer expenses and if STT paid at the time of purchase then it is not included in cost of acquisition.

IFSC ⟶ Gift city

International finance ~~Sector~~ centre Service

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② If sale transaction took place in the recognize stock exchange located in IFSC (International Financial Service Centre) and consideration received in ~~foregin~~ foreign currency, then benefit of section 112A and 111A is available, even if STT not paid (STT not Applicable in IFSC)

* Tax Rate under capital Gain. (other than 112A & 111A)

LTCG u/s 112

- If transfer took place before 23/7/24 → Tax @ 20%
- Transfer on or after 23/7/24 → Tax @ 12.5%

STCG → Normal Tax rate (slab rate)

Exception

i) Assessee Ind/HUF (Resident)

ii) immovable property

iii) Asset Acquired before 23/7/24

iv) Asset transfer on or after 23/7/24

Tax i) 20% (with indexation)

ii) 12.5% (without indexation)

whichever is lower

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Mr. Diponshu Purchase a house property on 10/12/2002 of ₹ 50 lakhs. ~~A~~ he sold the property on 14/Feb 2025 for ₹ 1.20 Cr. His income from business and Profession is ₹ 40 lakhs. Compute his total income and tax liab. For Assessement year 25,26) as per default tax regime.

Mr. Diponshu.
(PY 24-25 AY 25-26)

Computation of total income.

| | | |
|---|---|---|
| Profit and Gain from business or profession | | 4000,000 |
| Capital Gain | | |
| FVOC | 1,20,00,000 | |
| − T.E | - | |
| NC | 1,20,00,000 | |
| − COA | (50,00,000) | |
| LTCG / ~~NII~~ | → | 70,00,000 |
| GII / NII | | 1,10,00,000 |

Cal^n of Tax liability

i) Tax on LTCG

| | | |
|---|---|---|
| a) 12.5% on 70,00,000. | 875000 | ~~875000~~ |
| b) 20% with indexation (WN-1) | Nill → | Nill |

ii) Tax on Balance income.

| | | |
|---|---|---|
| > 300,000 to 700,000 | 5% | 20000 |
| > 700,000 to 10,00,000 | 10% | 30000 |
| > 10,00,000 to 12,00,000 | 15% | 30000 |
| > 12,00,000 to 15,00,000 | 20% | 60000 |
| > 15,00,000 to 40,00,000 | 30% | 750000 → |

890000

~~Add surcharge~~ 133500

Add ...

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working Note. 1)

capital Gain with indexation

FOVC 120,00,000

− ICOA

$$50,00,000 \times \frac{363\,(24\text{-}25)}{105\,(2002\text{-}3)}$$ (17285714)

5285714

* Special Rates of Taxes *

| SNO | Section | Nature of Income | Tax Rate. |
|---|---|---|---|
| 1 | 112 | LTCG | 20%/12.5% |
| 2. | 112 A | LTCG on Eq share/EOMF<br>Unit on Business trust | 10%/12.5%<br>in excess of 125000 |
| 3. | 111 A | STCG | 15%/20% |
| 4. | 115BB | winnings from lottery etc | 30% |
| 5 | 115BBJ | ~~winnings~~ from online game | 30% |
| 6. | 115 BBE | Deemed income<br>(68/69/69A/69B/69C/69D) | 60% |

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## * Benefit of Basic exemptions against LTCG U/S 112 / 112A and STCG U/S 111A

- In case of Resident Ind / HUF if balance total income (other than special rate income) is less than Basic exemption then unutilized basic exemption can be set off against 112, 112A, and STCG 111A but never against winnigs or deemed income.

• Class example.

MR. BB (Resident Ind) calculate tax as per default tax regime U/S 115BAC.

| | |
|---|---|
| PGBP | 120000 |
| LTCG 112A (Trf on 10/12/24) | 15,00,000. |
| LTCG (Trf on 7/7/24) | 20000 |
| STCG 111A (Trf on 15/11/24) | 70000 |
| winnings | 80000 |
| Gross Total income | 17,90,000 |
| (–) Deduction U/C VI-A | – |
| NTI | 1790,000. |

→ Calculation of Tax liability

| S.NO. | Nature of Income | Tax Rate | Income ₹ | Tax ₹ |
|---|---|---|---|---|
| 1 | LTCG 112 | 20% | (20000-20000) | – |
| 2 | LTCG 112A | 12.5% excess 125000 | (1500,000 - 125000 - 90000) | 160625 |
| 3. | STCG 111A | 20%. | 70000-70000 | – |
| 4. | winnings | 30%. | 80000 | 24000 |
| 5. | Bal NTI | Slab rate | 120000 | – |
| | | | | 184625 |
| | | | Add: ~~Surcharge~~ HEC@4% | 7385 |
| | | | Tax liab. ← | 192010 |

Note Dedⁿ u/c (chapter) VI A not available against income taxable at special rates.

| MR. RAJU | ₹ |
|---|---|
| IFHP | 100000 |
| LTCG 112 | 500000 |
| LTCG 112A | 700,000 |
| GTI | 13,00,000 |
| Dedⁿ u/c VI A | 100000 |
| 80C 150000 | |
| NTI | 1200,000. |

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## Sec 10(37) Exemption for capital Gain on urban Agricultural Land

STCG / LTCG on compulsory Acq. of urban agriculture land shall be exempt if following conditions are satisfied.

1) Assessee should be Ind / HUF

2) Such Agri Land used by Assessee or his parent for agricultural ~~pre~~ purpose for two years before the transfer

3) Consideration is determined by RBI or central govt.

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→ Soln:

① As per Sec 10 (37) capital Gain is not applicable

② If Agri. land is sold then exemption u/s 10(37) is not available. If assesse purchased any other Agri. land within the period of Two years After the date transfer then he can claim exemption u/s 54B.

③ Computation of capital Gain (PY 24-25 AY 25-26)

| | |
|---|---|
| FVOC | 1200,000. |
| − ICOA $600000 \times \frac{264\ (16\text{-}17)}{105\ (02\text{-}03)}$ | (1508571) |
| LTCL | 308571 |

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④ exemption u/s 10(37) not availabel because it is allowed only to Ind./HUF

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PART: A

Computation of Total Income & Tax liability as per default Tax regime u/s 115 BAC

| | MR. A (45) Res. | MRS. B. (62) N.R. | Mr. C age 81(R) | Mr. D (age 82) N.R |
|---|---|---|---|---|
| LTCG | 85000 u/s 112 | 10000 u/s 112A | (Exempt) Rural land is not a capital asset | — |
| Other income | 240000 | 310000 | 590000 | 480000 |
| Total income | 325000 | 320000 | 590000 | 480000 |
| Tax liability | | | | |
| Tax on LTCG (BE) (85000-60000) (25000 x 12.5) | (3125) | — | — | — |
| Tax on Bal income | Nil | 500 | 14500 | 9000 |
| | 3125 | 500 | 14500 | 9000 |
| (−) Rebate u/s 87A<br>i) Tax Amt<br>ii) 25000 | (3125) | + | (14500) | |
| Add: HEC @ 4% | Nill | 500<br>20 | Nill | 360 |
| NT Liab | | 520 | | 9360 |

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Part B. : If Assessee opt out from 115BAC

| Nature of income | Mr. A (45)(R) | Mrs. B. 62 (NR) | Mr. C 81 (Resid— | Mr. D. 82 NR. |
|---|---|---|---|---|
| Long term Capital gain | 85000 U/S 112 | 10000 U/S 112A | Rural Agri land is not a capital Asset | — |
| Other income | 240000 | 310000 | 590000 | 480000 |
| Total income | 325000 | 320000 | 590000 | 480000 |
| Tax liability | | | | |
| i) Tax on LTCG (85000-10000) 75000 × 12.5% | 9375 | — | — | — |
| ii) Tax on Bal income | — | 3000 | 18000 | 11500 |
| | 9375 | 3000 | 18000 | 11500. |
| — Rebate U/S 87A<br>Tax Amt<br>OR<br>12500 | 9375 | — | — | — |
| | — | 3000 | 18000 | 11500 |
| Add: HEC@4% | — | 120 | 720 | 460 |
| $\boxed{\text{Net tax liab}}$ | | 3120 | 18720 | 11960. |

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→ Mr. Mithun (PY 24-25 AY 25-26)

Computation of Capital Gain ₹

| | 1/4/07 | 1/12/22 |
|---|---|---|
| | 100 original | 100 Bonus |
| FVOC (4000 ~~x 200~~ Per @Share) | 400,000 | 400,000 |
| – Trf exp (Brokrage @ 1%) | 4000 | 4000 |
| NC | 396000 | 396000 |
| (–) COA | | |
| Step 1 Cost 1000 | | |
| Step 2 : a) FMV 2000 | | |
| b) FVOC 4000 $\xrightarrow{2000}$ 2000 (2000 x 100) | 200,000 | Nil ~~200,000~~ |
| | 196000 | 396000 |

LTCG U/S 112A 592000

Total income
i) LTCG 112A 592000
ii) Dividend 2000
NTI 594000.

Tax as per default tax regime
i) LTCG U/S 112A (592000 - 298000) 169000 x 12.5%
ii) Bal income 2000 + 298000
594000
21125
(–) Rebate not available for 112A
(+) HEC @ 4% 845
21970

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Note  If Bonus Share alloted before 1 Feb 2018 and at the time of Transfer if Sec 112A is appicabel then cost of ~~Aq~~ ~~q~~ Acq. of such share shall be FMV as on 31/1/2018