Sec 49 (1) : Cost ~~of A~~ of Acquistion.

Sec 49 (1): Cost of Aquistion:

If any Asset received as gift or acquired for low Considration and assessee paid taxes under IFOS on SDV / FMV u/s 56(2) (x) then such SDV / FMV shall be treated as CoA of such asset

ex

Mr Doremon purchased a HP for ₹ 200,000 in PY 2001-02, Mr. Doreamon gifted such property to his friend Nobita on 14/Feb 2024 SDV of such property on that is ₹ 40,00,000 Nobita sold such property to Shizuka on 10 Dec 2024 for ₹ 72,00,000 Discuss tax treatment in hands of Doreamon and Nobita.

Soln →

Part A: In hands of Doreamon.

As per sec 47 gift is not treated as transfer so Capital Gain is not applicable in Hands of Doreamon.

Part B: In hands of Nobita.

I) As per sec 56(2)(x) if any immovable property received as a gift and SDV is more than 50000 per property then it is fully taxable in hands of recepent under IFOS. in this case SDV of property is 40,00,000 that is more than 50000 so it is taxable in hands of nobita u/s 56 2(10) in PY 23-24

II) Capital Gain is applicable on sale of property

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

FVOC		72,00,000
(-) COA (49(4))		40,00,000
	STCG	32,00,000

EX-2

Suppose in above ex. if Doreamon and nobita are relatives.

Sol^n →

Part A) In hands of Doreamon.

As per 46 Gift is not treated as transfer so CG not applicable.

Part B) In Hands of Nobita.

I) Gift received from relative so, sec 56(2)(x) not applicable

II) Computation of CG on sale of property (py-24-25 AY 25-26)

CG

FVOC	72,00,000
(cost of previous owner) − COA	2,00,000
STCG	70,00,000

MR. Ramesh purchased a HP for ₹ 500,000 in P.Y 1-2 Ramesh sold such property to mr. Suresh on 19/07/23. for ₹ 40,00,000. SDV on Property on that date is ru 60,00,000. Suresh sold such property to mr. Krishna on 10th Dec 2024 for ru 82,00,000 Discuss tax treatment in hands of ramesh and suresh.

part A) In hands of ramesh.

Computation of CG (PY 23-24, AY 25-20)

FVOC (50C)	60,00,000
— Trf. exp	—
	60,00,000.
— ICOA	
$500000 \times \frac{348\ (23\text{-}24)}{100\ (01\text{-}02)}$	1740000.
	42,60,000.

part B) In Hands of suresh.

~~Computat~~

1) If any immovable property acquired for low consideration and difference between SDV & consideration is more than 50000 as well as SDV is more than 110% of consideration then such difference is taxable IFOS u/s 56 (2) (x). In the present case difference is ₹ 20,00,000 that is more than 50000 & SDV is > 110% of consideration so. difference of 20,00,000 is taxable u/s IFOS in hands of mr. suresh

Computation of CG on sale of property to Mr. Krishna.

Fr	Capital Gain	
	FVOC	82,00,000
-	COA	60,00,000 (49(4))
	STCG.	20,00,000

Notes

4) If assesse not satisfied with SDV - Case may transfer (VO) (Same as sec 50C)

5) SDV on the Date of Registration or Agreement u/s ~~56(10)~~ 56(2)(x)

- Normally SDV Considered on the date of ~~cons~~ registration but u/s 56(2)(x) if date of Agreement or registration are not same the assessee that is buyer can take SDV on the Date of Agreement if paid any Consideration or Part thereon by A/c Payee check or Account payee DD or any other mode upto the date of Agreement

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In hands of y (seller)	I	II	III	IV	V
SP	400000	400000	400000	600000	600000
SDV	439000	446000	470000	659000	680000
FVOC	400,000	446000	470000	600,000	680000
In hands of x (Buyer)					
i) per pro (SDV - cond) 50K	NO	NO	yes	yes	yes
AND					
SDV > 110% cons	NO	yes	yes	NO	yes
Taxable u/s 56(2)(x)	Nil	Nil	70000	Nil	80000
COA ₹ 49(4)	400000	400000	470000	600000	680000

In Hands of y (seller)	I	II	III	IV	V
SP	381000	381000	427500	427500	710000
SDV	400,000	470000	450000	490000	780000
FVOC	381000	470000	427500	490000	710000
In hands of x (Buyer)					
i) prepro (SDV - conds) > 50K	NO	yes.	NO	yes ~~NO~~ ~~yes~~	yes
AND					
SDV > 110% cons	NO	yes	NO	yes	NO
Taxable u/s 56(2)(x)	Nil	89000	Nil	62500 ~~Nil~~	Nil
COA 49(4)	381000	470000	427500	427500	710000

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Mr. Ganesh (PY24-25 AY25-26)

Computation of Income from other sources.

i) Gift of cash from Sundar. (Since Agg. money > 50000 so it is fully Taxable)	51000.
ii) moveable property (S.S.J.D.P.SA.O.B.V)	
50 shares Beta Ltd 60000	
100 shares Alpha ltd 70000	
130000	130000
(Since Agg. fmv of movable prop > 50000 so it is fully Taxable)	
iii) imm. property (low considration)	
land Acquired from sister's mother in law	
(SDV - considration) > 50000	
AND (7 lakh - 5 lakh)	
SDV > 110% of Considration	
So difference of ₹ 200000 taxable under IFOC	200,000
IFOS	381000

* Computation of capital Gain on sale of shares of Alpha ltd.

	₹
FVOC	100000
- COA (49(4))	70000
STCG	30000

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Sec: 43 CA SDV treated as FVOC in case of Buildee.

- In case of Immovable property held as stock in trade If SDV is more than 110% of considration then SDV is treated as FVOC while calcuating business income.

If assessee not satisfied with SDV then his case may transfer to VO (Some as sec 50(C))

Normally SDV Considered on the date of registration but if date of Agreement and registration are not same then assessee can take SDV as on Aggreement if he recd considration or part thereof by account Payee check, Account payee DD, or any e-mode. upto the date of Agreement

Imm prop → Capital Asset → 50 C → Capital Gain

Imm prop → SIT → 43 CA → PGBP

Note Sec 56 (2) (x) Not Applicable if Asset recd as a Gift or acquired for low considration is a stock in trade it means ~~50 (c) (2~~ 56 (2) (x) is applicable only if asset received as a capital asset.

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MR. A

Income from other sources

i) Gift of cash from mr. B (since Aggregate money > 50000, so it is fully Taxable)	75000
ii) moveable property (S.S.J.D.P.S.A.D.B.V) (Gift of Bollion from friend mr. B) (Since Aggregate > 50000 so it is fully taxable)	60000
iii) Imm property (without consideration) Gift of plot at Faridabad from MR B (Since per property SDV > 50000 so it is fully taxable)	500.000
iv) Imm prop (lowconsidration) office Building purchased (SDV - Considration) > 50000 (2300.000 - 2000000) & SDV > 110% of Considration since SDV > 110% of Consideration & Diff of SDV & considration > 50000 so Diff is Taxable)	300.000

IFOS 935000

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

FVOC		700000
(-) COA (ug (u))		(500000)
	STCG	200000

* Notes

1) sec 56(2)(x) is Not Applicable if Asset Acq. and received as a stock in trade in the present question mr. A Share dealer. and he acq. Shares from mr. C as a stock in trade so sec 56(2)(x) Not applicable.