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Interim order passed in PY 24-25
& Award compensation ₹ 400000 (Recd PY 24-25)

↓

final order passed in PY 27-28
& decide compensation = 700000

↓

₹ 400,000 Already Recd
↓
Taxable in PY 27-28

Remaining 300000
↓
Recd in PY 29-30
↓
Taxable (29-30) in P.Y

Note: As per CBDT, if compensation received is exempted as per sec 96 of the fair compensation and transparency in the land acquisition, rehabilitation and resettlement Act 2013. then such compensation also exempted under income tax

Sec 45(1A) Destruction / damage of Capital Asset

- Normally destruction is not treated as transfer, if destruction of capital asset due to following four reason and insurance claim is received then it is treated as transfer & capital Gain is applicable

1. Natural ~~clam~~ calamity (flood, earthquake etc)
2. Riot
3. enemy attack
4. fire explosion

If above cases asset is transfer in the year of distruction but capital Gain is taxable in the year in which insurance claim is received

* Computation of capital Gain

	₹
FVOC (Insurance claim) (Money / FMV of Asset received)	xxx
− Transfer exp	(xx)
Net Considration	xxx
− COA / ICOA	(xxx)
− COI / ICOI	(xxx)
STCG / LTCG	xxx

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example :-

Mr. vedant acquired a house property of ₹ 500,000 in PY 12-13. Such house property is destroyed due to fire on 1/11/2024 vedant received insurance claim of ₹ 3 crores on 19 July 2025 ~~de~~ discuss tax treatment.

In this case Asset is transfer in the year it is in which it is destroyed in P.Y 24-25 But capital Gain is taxable in the year in which claim is received i.e. PY 25-26

Computation of capital Gain

	FVOC	300,00,000
(-)	COA	500000
	LTCG =	2,95,00,000

Note 1 If any capital asset is transfer on or after 23/07/24 then indexation benefit is not available for computing CG in the present gain dat of destruction 1/11/24 Follows on or after 23/07/24

Note 2: As per 112 in this case, while calculating tax liablity assee is required to pay tax @ 12.5%. without indexation or 20% with indexation whichever is lower.

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Normally Capital Gain is taxable in the year in which transfer took place But in the following 3 cases CG is taxable in some other year

Section	Cases	Year of Transfer	Year of Tax
45(2)	Conversion of capital Asset into SIT	Conversion into SIT	Stock Sold.
45(5)	Compulsory Acq. of Capital Asset	Compulsory Acquistion	Compensation received.
45(1A)	Destruction of Capital Asset	Destruction year.	Insurance Claim recd.

Special case No: 1

Sec 50C : stamp duty value i.e SDV shall be treated as FVOC

- In case of immoveable property held as capital Asset, if stamp duty value is more than 110% of considration then such SDV shall be treated as full value of considration

eg	I	II	III	IV	V
SP	100000	100000	100000	100000	2000000
SDV	107000	112000	110000	109000	2500,000
FVOC	100000	112000	100000	100000	2500,000

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If assessee is not satisfy with SDV and he think that SDV is more than market value then his case may transfer to valuation officer (VO) by assessing officer (AO)

If value determined by VO is more than SDV then value ~~then~~ of VO shall be ignored & SDV shall be treated as full value of considration (FVOC)

If value determine by VO is less than SDV then value of VO shall be treated as FVOC

Mr. BB acquired a house property in (PY 93-94) for ₹ 300,000. FMV as on 1/4/2001 is ₹ 900,000 is sold the property to mr. kaka on 10/12/2023 for ₹ 6400000 Mr kaka paid stamp ~~study~~ duty at the time of registration of ₹ 535000 that is 6% of SDV. Compute capital Gain in Hands of BB assume BB paid Brokrage @ 1% of sale value.

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MrBB

Computation of Capital Gain

FVOC

SP: 64,00,000.

SDV: 8916667 8916667

(Since SDV is more than of 110% of Considration so SDV is treated as FVOC)

− Transfer expenses			(64000)
		NC	8852667
− ICOA			
Cost	300,000	$900000 \times \frac{(348)(23\text{-}24)}{(100)(2001\text{-}2002)}$	(3132000)
FMV 1/4/2001	900,000		
		LTCG	5720667