Exemptions

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Sec54: exemption for residential house property

a) Eligible Assessee — Ind/HUF

b) Asset transferred — Residential house property

c) Capital Gain on transferred Asset — long term capital Gain

d) Asset to ~~acquried~~ acquired — one residential House property in india.

Note : If LTCG is upto ₹ 2crores then assessee can acquired 2 residential house property within prescribed limit. This benefit of Two house property is available only once at life time.

e) Time limit - New house property should be purchase with in one year before the date of transfer or purchase within two year after the date of transfer or construct with in 3 years after the date of transfer (-1, +2, +3)

f) Capital Gain account scheme :- (CGAS) Assessee should acquire house property or deposit desire amount in CGAS Account upto the due date of return filling.

deposited amt should be utilize for the purpose of House property within prescribed time limit. if the deposited amt mis utilized or unutilized then

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exemption claim earlier shall be withdrawn

g) Amount of exemption :

i) Capital Gain

ii) Cost of New Asset / Deposite Amt in CGAS

Note : Amendment by Finance Act 2023

If cost of New Asset is more than 10 crores then amount exceding 10 crores shall not be taken into account for the purpose of exemption.

It means max. exemption can be 10 crore in this section

h) Lock in period

New house Property should not be transfer within 3 years from date of its acquistion if it is transfered with in 3 years, then exemption claim earlier shall be withdrawn and it shall be reduced from COA of New House Property

$$\boxed{COA = \text{Cost of Acq.} - \text{Exemption claim earlier}}$$

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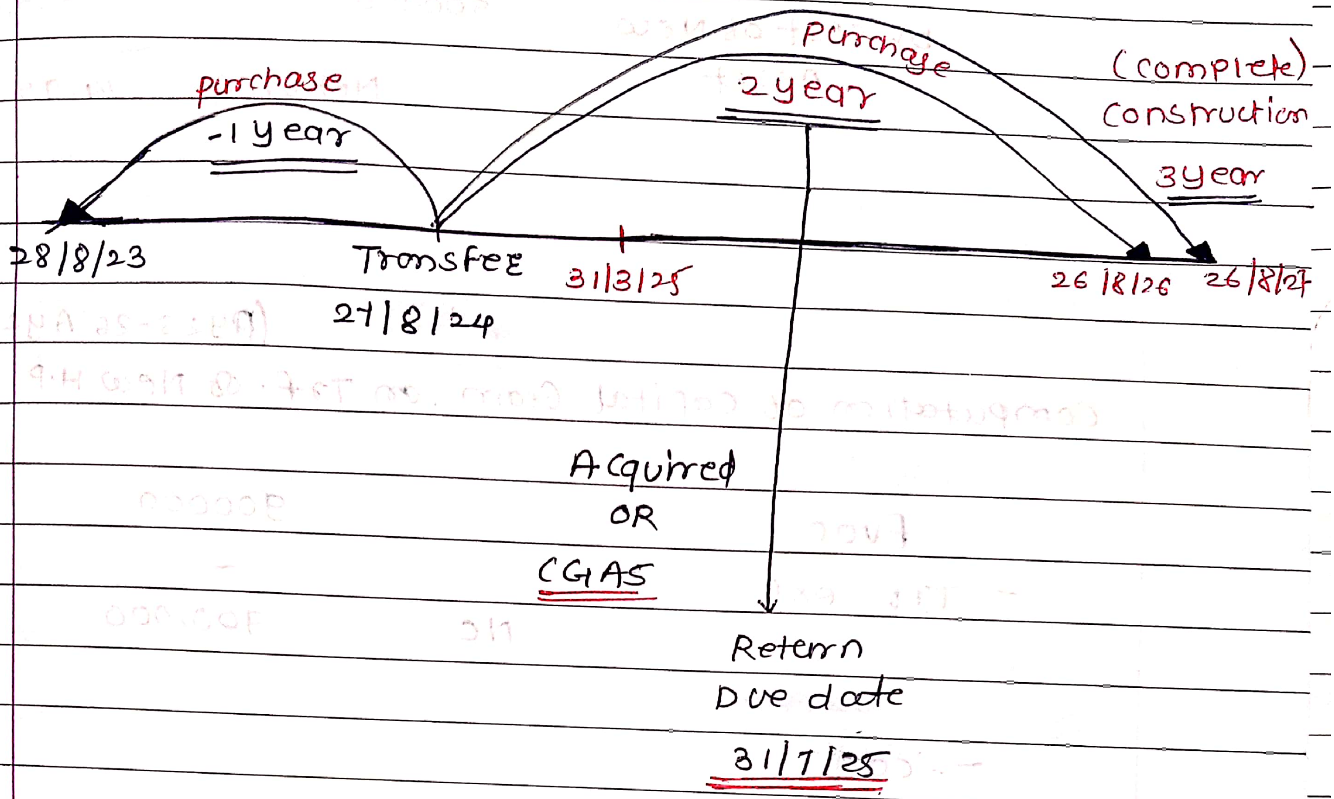

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MR. Ravi (PY 24-25 AY 25-26)

Computation of capital Gain.

FVOC			27,00,000
(−) Transfer exp.			(15000)
		NC	2685000.
− ICOA			
i) Cost		80000	
ii) a) fmv 1/4/1	200000	190000	(689700)
b) SDV 1/4/1	190000		

$190000 \times \frac{363\,(24\text{-}25)}{100\,(2001\text{-}2)}$

Gross LTCG	1995300

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less Exemption u/s 54

a) capital Gain	1995300	
b) cost of New Asset	500000	(500000)
	Net LTCG	14,95,1300

(PY25-26 AY26-27)

Computation of capital Gain on Trf. of New H.P

FVOC		900000
- Trf. exp		-
	NC	900,000
- COA		
(Cost - exemption claim earlier)		Nil
(500000 - 500000)		
	STCG	900000

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Mr. Roy. (PY-21-22 AY 22-23)

Computation of capital Gain ₹

(POH 9/9/11 to 6/1/22)

FVOC		15700,000
− Trans exp		−
	NC	15700,000.
− ICOA		
i) cost = $30,00,000 \times \frac{317}{184}$		(5168478)
	Gross LTCG	10531522
less: Exemption u/s 54		
i) capital Gain 10531522		(10531522)
ii) Cost of New Asset 20500000		
	LTCG	Nil

Note 1 Since assesee acquired house property in Panchkula within 2 ~~years from the date of transfer of property so he is~~ eligible for exemption u/s 54

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

FVOC		325,00,000
− Transfer exp		0
	NC	325,00,000
− COA		
(Cost − exemption claim earlier)		
(20500000 − 10531522)		
9968478		9968478
	Gross LTCG	22531522
less: exemption u/s 54		
i) capital Gain 22531522		
ii) cost of New HP 25700000		22531522

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Note :- 2) As per sec 54 Assessee can not transfer the new house within the period of 3 years from the date of it's acquistion. If it is transferred with in 3 years then exemption claim earlier & it shall be reduced from cost of New HP while calculating Capital gain.

In the present question assessee transfer Panchkula house within 3 years so exemption claim earlier shall be reduced from the cost of aquisition

3) There is LTCG on transfer of Panchkula house and assessee purchase Delhi property within 2 year from the date of Transfer so, exemption can be claimed u/s 54

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Sec 54B : Exemption for urban agricultural land.

a) Eligible Assessee :- Ind / HUF

b) Asset transferred :- urban Agricultural land. Which was used by Assessee or his parents for Agriculture purpose for 2 year before the date of Transfer.

c) Capital Gain on transferred asset :- STCG / LTCG

d) asset to be acquired :- urban / rural agri land

e) Time limit :- New Agricultural land should be acquired within 2 years after the date of transfer (+2)

f) CGAS
g) Amt of exemption
h) Lock in period

Same as sec 54

Note If Assessee acquired new asset As rural agricultural land and if he transfer that new asset with in the period of 3 years then also exemption claim earlier shall not be withdrawn co2, rural-agricultural land not a capital asset

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→ MR. Suman . (PY 24-25 AY 25-26)

Computation of capital Gain . ₹

Fvoc		22,00,000
(–) Transfer exp		50000
	Net considration	2150000
– COA		(200000)
	Gross LTCG	19,50,000
less: exemption U/S 54B.		
i) capital Gain 19,50000		
ii) cost + Deposite (800.000+400.000) 1200000		(1200,000)
	Net LTCG	750000

Sec 54D : Exemption for Compulsory Acq. of industrial land and building.

All assessee

↓

Industrial land & Buil → Compulsory Acq.

→ used for 2 years

↓

~~ST / LG~~ ST / LT

Ind L&B Acq.

(+ 3 years)

Date:

a) eligible assessee → all assessee.

b) Transferred asset → Compulsory Acq. of Industrial land and building which was used by assessee for industrial purpose for 2 years before the date of transfer.

c) Capital Gain on transferred asset :- LTCG / STCG

d) Asset to be acquired :- Industrial land and Building

e) Time limit → New industrial land & Building should be purchased and construction within 3 years after the date of receipt of compu—

~~g)~~ f) CGAS
~~h)~~ g) Lock-in-period
h) Amt of exemption

} Same as ~~50~~ 54

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Computation of Capital Gain ₹

Fvoc		1400,000.
− Transfer exp		−
	Net Consideration.	1400,000.
− COA		(350000)
	Gross LTCG	1050000.
− Exemption U/S 54 D		
i) Capital Gain 1050000		
ii) Cost of New indt land & Building 200,000		200,000
	Net LTCG	850000

↓

Tax @ 12.5%

= 106250

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