Date:

lecture 20

Sec 54 EC Exemption for immovable property

All Assessee.

↓

Immoveable property.(L, B, L&B)

↓

Transfer

↓ 6 months → NHAI / RECL / PFCL / IRFCL

LTCG.

↓

Bonds

↳ Max emp = 50,00,000.

NHAI - National Highway Authority of India.

RECL - Rural Electrification Corporation limited.

PFCL - Power finance corporation limited.

IRFCL :- Indian ~~fin~~ Railway ~~Cor~~ ~~finance~~ corporation ltd.

a) eligible assessee. → All assessee.

b) Transferred asset → Immoveable property (L, B, L&B)

c) capital Gain on transferred Asset → Long term Capital Gain

Asset to be acquired → NHAI / RECL / PFCL / IRFCl bonds which is reedemable after 5 years.

Time limit → bonds should be ~~Acquirried~~ Acquired with in 6 months after the date of transfer (+6m)

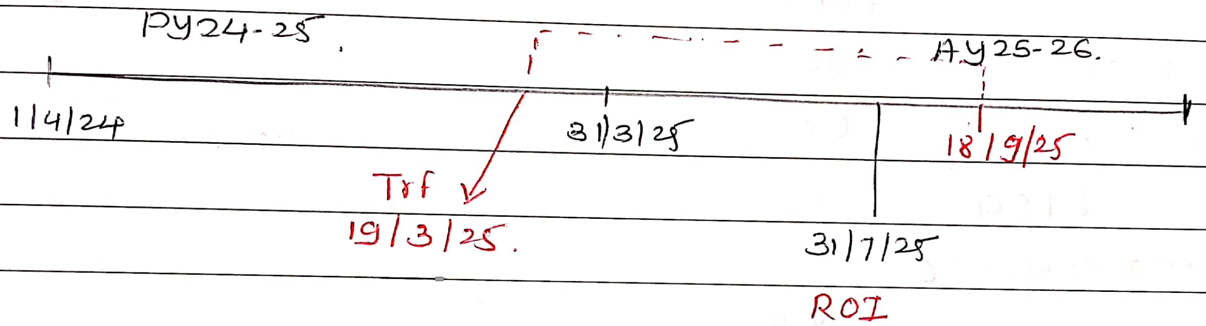
Page No.:
Date:

f) CAGS → N.A

g) Amt of exemption →

i) capital Gain xxx
ii) cost of bonds xx

Note: Assessee can claim maximum exemption of ₹ 50 lakhs. for bonds acquired within 6 months.



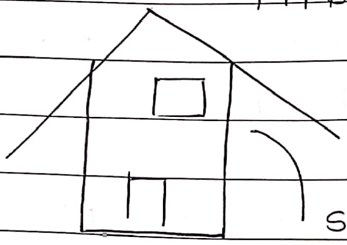
example

Mr. BB

3

example

Mr BB.



Sale 19/7/24.

Lock in period

NHAI Bonds
15/12/24
Cost 50,00,000

— बेच नहीं सकते

— loan नहीं ले सकते

Sale with in 5 years

CG

	Lakh
FVOC	100
(-) COA	60
LTCG	40
(-) exemption u/s 54EC	40
	Nill

CG

FVOC	52,00,00.
– COA	50,00,000
ST/LTCG	200,000
LTCG	40,00,000

b) Assessee can not transfer bonds ~~and~~ or convert into money with in 5 years of date of it's acquistion. If it is trasfered / convert into money there exemption claim earlier shall be withdrawn and it is ~~spread~~ treated as LTCG in the year in which it is transferred or it its convert into mony

Note 1) Converted into money means loan or Advances of is taken on security of bonds.

2) under this section time limit of 6 month calculated from date of transfer but as per CBDT ~~btd~~ in case of conversion ~~SIT~~ capital asset in SIT time limit is calculated from the date on which stock is sold.

28/10/24 — 20/3/25 (REC 50 lakh) — 16/4/25 (20 lakh) — 27/4/25

Q NO. 25 Page NO. 88.

Mr. Rahul

Computation of Capital Gain.

Fvoc		100,00,000.
− Transfer exp		0
	Net Considration.	100,00,000
CoA		
i) cost		999,300
	Gross LTCG	9000700

deduction U/S 54EC

i) Cost of bond 70,00,000

ii) Capital Gain 9000700 — 5000,000

Net LTCG → 4000700

Sec: 54F Exemption for Any LTCG

$\boxed{\text{Ind / HUF}}$

↓

$\boxed{\text{Any LTCG}}$ → (except Residential House property)
(Share, Gold, plot)

↓ Trf

LTCG

−1 +2 +3

example

Mr. BB

	Gold / shares
FVOC	100
−Tr. exp	10
NC	90
COA	50
	40 → LTCG

Notes

a) eligible assessee → Ind / HUF

b) Transferred asset → Any long term asset
~~exp~~ (except residential House Property)

c) capital Gain on Transferred asset → LTCG one Residential house property in india.

Time limit → ~~as at~~ Same as Sec 54. (-1+2+3)

CGAS :- Same as sec 54.

Amt of exemption :-

i) If Net Consideration is fully utilized then capital Gain is fully exempt

ii) if Net consideration is partly ~~is~~ utilized the CG is partily exempt as per following Formula.

$$LTCG \times \frac{\text{Cost of New Asset / Deposit } \cancel{\text{Amt}}}{\text{Net consideration}}$$

Note:- Ammendment by finance Act 2023, if cost of New asset is more than ~~10000~~ 10 crore the Amt in ~~a~~ excess of 10 crores shall not be considered for the purpose of exemption under thi section.

lock in period :- Assessee should not transfer property within 3 years from the Dt it's acquistion

If it is transfer within 3 years then exemption claim earlier shall be withdrawn and treated as LTCG in the in which New HP is transferred.

Page No.:

Date:

Add Notes

Add Conditions

① On the date of Transfer of any LTCA assessee should not own more than 1 HP. (other than acquired under this section)

② Assessee should not purchase any other House property within 2 years ~~afth~~ after the date of Transfer or construct with 2 years after the date of transfer

Page No.:
Date:

Q NO. 23 Page No. 88.

→ Mr D. (PY-24.25 AY 25-26)

Computation of Capital Gain. ₹

FOVC		1150000
(-) Transfer exp		7000
	NC.	1143000.
- COA		252000
	GLTCG	891000.
- Exemption U/S 54 F		
LTCG X $\frac{\text{Cost of New Asset}}{\text{Net consideration}}$ =	$\frac{891000 \times 500000}{1143000}$	(389764)
	Net LTCG	501236.

Extra question.

Mr. Rohit purchased gold in PY 12-13, for ₹ 8 crore. on 16/7/2024 he sold such gold for ru 40.05 crore. transfer expenses is ru. 0.05 crores. on 28th June 2025 he purchased one residential HP for ₹ 28 crore. He does not own more than 1 residential HP on the date of transfer of Gold. on 30/03/2027 he transferred mombai house for ₹ ~~3400~~ 34 crore. discuss tax treatment.

Date:

(PY 24-25 AY 25-26)

MR Rohit

→

Computation of Capital Gain.

FVOC	400500,000.
(−) Tran exep.	500.000
NC	40,00,00,00,000

− ICOA

$8\ cr \times \frac{363\ (24\text{-}25)}{200\ (12\text{-}13)}$ 145200,000

Gross LTCG 254800000.

less: exemption sec 54F (63700,000)

$= LTCG \times \frac{\text{cost of New Asset}}{NC.}$

28 Cr → resticted to 10 cr.

$= 254800{,}000 \times \frac{28\ Cr}{40\ Cr.}$ (

Net LTCG 191100,000.

POH

(28/6/25 till 29/3/27)

Computation of CG on mumbai House Property

(PY-26-27 AY 27-28)

FVOC	34 crore.
− Transfer exp	−
NC	34 crore
− COA (Full cost 28 cr)	28 cr
STCG	6 crore.

LTCG Taxable in py 26-27 (AY 27-28) that is ~~emx~~ 63700,000.

exemption claim earlier.

Q No. 8 Page No. 84.

→ C ~~PTR~~.

As per sec 45 (1A) if any capital asset is destroy due to fire and assessee received insurance claim then it is treated as transfer and capital Gain is applicable. in this case asset is transferred in the year in which it is destroyed but CG is calculated in the year in which insurance claim is received.

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

FVOC		600.000.
− Transfer exp		−
	NC	600.000.
− COA (WDV)		208800
	STCG	391200

Summary Chart

Sec	Assessee	Transfer Asset	Capital Gain on Transfer Asset	Asset to be Acquired	Time limit	CGAS	Amt of exemption	lock in ~~lotein~~ Period
54	Ind/HUF	Res. House Property	~~1 RHP in India~~ LT	~~-1~~ 1 RHP in India	-1+2+3	yes	i) CG ii) (NA/Deposit)	3 years
54B	Ind/HUF	urban Agri land (used 2 years)	ST/LT	urban/rural Agri land.	+2	"	"	"
54D	All	Industrial L&B (used 2 years) compulsory Acquisition	ST/LT	Industrial L&B	+3 (on the date the compensation is received)	"	"	"
54EC	All	imm. property (L.B, L&B)	LT	NHAI/RECL PFCL/IRFCL Bonds	+ 6months	NO	" (max 50 lakh)	5 years (full cos
54F	Ind/HUF	Any LTCA (except RHP)	LT	1 RHP in India (limit 10 cr)	-1+2+3	yes	$LT \times \frac{NA/Deposit}{Net\ Consideration}$	3 yea (full c

Note All the Section of exemption time period for acquiring new Asset shall be considered from the date on which Compensation is received if such asset compulsorily acquired...

2023.09.26 12:50

Q No. 12 Page No. 85.

~~Por~~

~~Computation~~ of ~~Capital~~ ~~Gain~~.

part A :

As per sec-47 if any HUF transferred asset to member on Partition then it is not treated as transfer and capital Gain is not applicable in Hands of HUF

Part B.

Mr. A

Computation of Capital Gain (PY 24-25 AY 25-26)

Fvoc		1500,000
(-) Transfer exp		20000
	N.C.	1480000
- COA		(120000)
- COI		(255000)
	Net LTCG	~~995000~~.
		1125000