

Option 2 Without Index

Sale Value	70l
Cost	<u>(16l)</u>
	54l
Tax @	<u>12.5%</u>
	<u><u>675000</u></u>

Conclusion: option 1 with Indexation following the decision in the case of Manjula J Shah.

~~Q.4~~ (4) Mr. A purchased a land on 6 May 1981 for ₹8l
 COI incurred on 14 July 1994 of ₹3l
 COI incurred on 24 June 2005 of ₹160000
 Gifted this land to Mr. B on April 2009
 Mr. B incurred COI on 4th Dec 2013 ₹205000
 The Asset was sold on 6th June 2024 for
 ₹1 Crore.

Find Cap. Gains.

Sale Value	1,00,00,000
(-) CO Acquisition	(2,90,40,000)
$\frac{8l}{100} \times 363$	
	1994
(-) COI (Prev. owner)	(4,96,410)
$\frac{160000}{117} \times 363$	
(2005-2006)	
(-) COI	(3,38,250)
$\frac{205000}{220} \times 363$	
(2013-2024)	

Long term Cap Gain

62,51,340

Tan @

20%

12,52,268

Note :-

- (1) If property is purchased before 1.4.2001, the Index of base year 2001-2002 will be taken for Indexation.
- (2) Cost of improvement incurred before 1.4.2001 is not to be considered.
- (3) The period of Holding (POH) & Cost of the Asset is taken according to the previous owner.
- (4) Indexation is also taken as per the previous owner following the decision given in the Case of Manjula J. shah.

Alternatively Indexation could have been taken of the year in which the asset is received following the provisions as per the Income Tax Act.

5 If the Asset is purchased before 1.04.2001, the Cost to be taken will be the Actual Cost or FMV as on 1.4.2001 whichever is higher.

Que Gold Purchase on 6 May 1995 for ₹ 3 lacs
 Comm. Pay 24000
 Gold sold on 21 July 2024 for ₹ 13 lacs
 Gold FMV 1.4.2001 = 365000

Sale Value 13,00,000

less Cost (Higher of below 2)

Actual Cost 324000
 (31+24000)

or
 FMV 1.4.2001 365000

Indention

$\frac{365000}{100} \times 363$

(13,24,950)

LT Cap. Gain Tax

(24950)

~~What~~
 Q What if Gold was sold on 23.7.2024??
 (After Amendment)

SV

13,00,000

(-) Cost (Higher)

365000

LT Cap Gain

935000

Tax

@ 12.5%

116,875

Que Building was Purchase on 17 May 1991 for ₹10l.
 FMV as on 1.4.2001 is 10,30,000.
 Comm. paid during purchase was ₹ 40,000
 Building sell on 6 May 2024 for ₹ 84 lacs.
 Find Cap. Gain

Sale Value 84,00,000
 Cost (Higher)
 Actual Cost 10,00,000 + 40k
 10,40,000 lacs.

(a)

FMV 1.4.2001 10.3l.

$$\frac{10,40,000}{100} \times 303 \quad (37,75,200)$$

LTCG

46,24,800

(6) Only in the case of land & Building if
 it's purchased before 1.4.2001 the Cost
 to be taken will be

Higher } FMV as on 1.4.2001 (a) SDV as on 1.4.2001 } Lower
 VS
 Actual Cost of the Asset

Que Mr. A purchased a land on 7th May 1996 for ₹ 20 lakhs.

FMV as on 1.4.2001 = 22 lakhs

SDV as on 1.4.2001 = 18 lakhs

Land is sold on 5 Dec 2024 ₹ 2 Crore.

Find Cap. Gains

Option 1

Sale Value 2 Crore
less Cost

SDV or FM (Lower)
18l 22l

18l vs Actual Cost (Higher)
20l.

Cost = 20l.

With Indentation.

(72,60,000)

$\frac{20l}{100} \times 363$

LTCG

1,27,40,000

Tan @

20%

25,48,000

Option 2

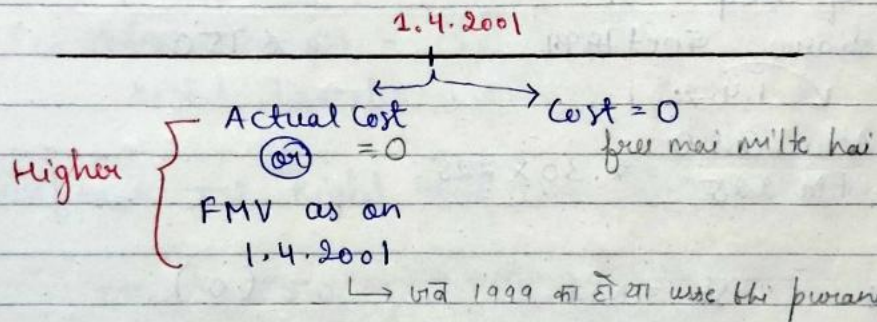
SU	2 Crare
Cost	<u>(202)</u>
LTCG	1.8 Crare
Tan @	<u>12.5%</u>
	<u>22,50,000</u>

∴ Option 2 opt.

*

BONUS

Bonus share



Lec 6 20 May end lec

Example

30 Bonus shares receive on 5th Oct 1999

40 Bonus shares receive on 8th Dec 2006

FMV as on 1.4.2001 is £ 225 per share

All shares were sold for £ 380 per share on 6th May 2024

Find Capital Gains (ignore indexation for now)

Sale Value

• 70 shares x 380 per share = 26,600
(30+40)

• Cost of Acq.

30 shares 5 Oct 1999 6750

✓ 1.4.2001

Higher Actual Cost 0
FM 225 ⇒ 30 x 225

• 40 shares = Cost = Nil (0)

8 Dec 2006

LTCG

19850