

CAPITAL GAINS

⇒ Summary:

I) BASIC CONDITIONS & COMPUTATION

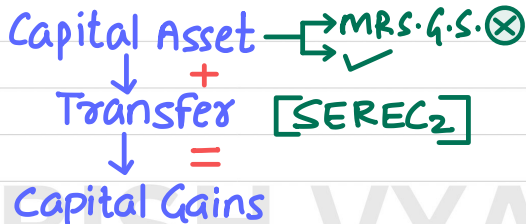
II) SECTION-WISE STUDY

sec. 45(i)

⋮

sec. 55

Part-I: BASIC CONDITIONS & COMPUTATION



STCG Discourage		LTCG Encourage	
FVOC	xxx	FVOC	xxx
(-) Trf. Exps	-xx	(-) Trf. Exps	-xx
NC	xxx	NC	xxx
(-) COA	-xx	(-) Indexed COA	-xx
(-) COI	-xx	(-) Indexed COI	-xx
STCG	xxx	LTCG	xxx

Note ①: Defn. of Capital Asset [sec.2(14)]

[potential to earn]

Assets

MRS G.S.

~~CA~~

~~CG~~

Other Assets

CA ✓

CG ✓

M - Movable Personal Assets

R - RALI

S - Stock-in Trade

G - Gold Bonds

S - Special Bearer Bonds

Exceptions → Jewellery

→ DPSA

→ Archaeological Collections

CA ✓

CG ✓

Note ②: Defn. of Transfer [sec.2(47)]
[change in ownership]

S	E	R	E	C ₂
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Note ③: Types of Capital Gains

Capital Assets

Listed Securities
Units of UTI/EOF

1 year

Unlisted shares
Immovable prop.

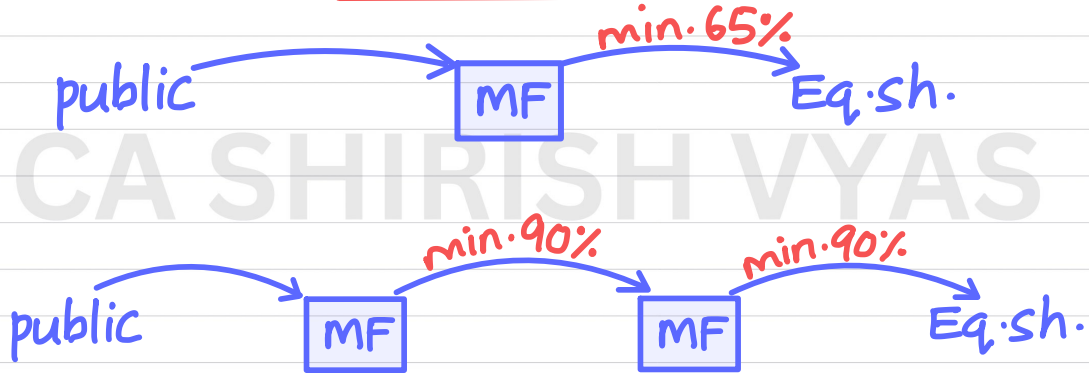
2 years

Other Assets

3^{*} yrs.

* Not Applicable - IF Trf. on/after 23/7/2024

EOF



MF includes ULIP

Example:

Land
purchased (2003-04)
Cost 5,00,000
Sold (2024-25)
SP 32,00,000

Ans:

FVOC (SP) 32L
16,65,138
(-) COA ~~5L~~

$$\left[\begin{array}{l} \text{cost} \times \frac{\text{Index}}{\text{Index}} \\ \text{Index} \end{array} \right] \begin{array}{l} \text{Trf.} \\ \text{pur.} \end{array}$$

Cost Inflation Index

Year	Index	
2001-02	100	
02-03	105	
03-04	109	5L
04-05	113	
05-06	117	2L
⋮	⋮	
2024-25	363	?

$$5L \times \frac{363}{109} = 16,65,138$$

Note ④ Indexed Cost of Acquisition:

$$\left[\frac{\text{cost} \times \text{Index}}{\text{Index}} \right] \begin{array}{l} \text{--- Tyf.} \\ \text{--- PUG.} \end{array}$$

Note ⑤ Indexed Cost of Improvement:

$$\left[\frac{\text{cost} \times \text{Index}}{\text{Index}} \right] \begin{array}{l} \text{--- Tyf.} \\ \text{--- Imp.} \end{array}$$

No Indexation - IF Tyf. on/after 23/7/2024

Eq:

purchase 96-97 Index ???

cost 12L

		<u>Year</u>	<u>Index</u>
FVOC (SP)	45L	2001-02	100
less: Trf. Exps.	—	02-03	105
<u>NC</u>	<u>45L</u>	03-04	109
less: Ind. COA		04-05	113
[↑ 2L × $\frac{363}{100}$]	Trf. 2024-25	05-06	117
8L	pur. 96-97	⋮	⋮
	2001-02	2024-25	363
		↓	
		sold [SP 45L]	

Note ⑥: Purchase before 1/4/2001 :

↑ Actual Cost
↑ FMV* as on 1/4/2001

* Imm.. Property - FMV/SDV (Lower)

Eg:

96-97
pur. cost 5L



~~98-99
Imp. 1L~~

Higher

FMV 8L

Year

Index

2001-02

100

02-03

105

03-04

109

04-05

113

05-06

117

⋮

⋮

⋮

⋮

2024-25

363

↓

Sold [SP 45L]

FVOC (SP)
less: Trf. Exps.
NC

45L

45L

less: Ind. COA

↑ 5L
8L

$\times \frac{363}{100}$ Trf. Pur.



less: Ind. COI

IGNORE



Note ⑦: Improvement before 1/4/2001:

IGNORE



Comp

FVOC (Red pen)

less: Trf. Exp.

NC

less: Ind. CoA

[X —] Trf.
 puo.

less: Ind. CoI

[X —] Trf.
 Imp.

Sec. 45(1)

Sec. 45(1A)

Sec. 45(1B)

Sec. 45(2)

Sec. 45(3)

Sec. 45(4)/9B

Sec. 45(5)

Sec. 45(5A)

Sec. 46

Sec. 48/50

First Proviso
to Sec. 48

Sec. 47

Sec. 49(1)

Sec. 49(4)

Sec. 49(2)

Sec. 49(2A)

Sec. 49(2AA)

Sec. 49(2C/2D)

Sec. 49(9)

Sec. 50B

Sec. 50C

Sec. 50CA

Sec. 51

Sec. 50AA

Sec. 54

Sec. 54B

Sec. 54D

Sec. 54EC

Sec. 54EE

Sec. 54F

Sec. 54G

Sec. 54GA

Sec. 55

Sec. 111A/112A

Part II

: SECTION-WISE

sec.45(i): BASIS OF CHARGE:

CA + Transfer = CG

YEAR OF CHARGE:

Year of Tax = Year of Transfer

⇒ 4 Exceptions CCDT

Sec. 45(1A): DESTRUCTION OF CA:

$$CA + \text{Trf.} = CG$$



Dest.
NRFE

Receipt basis

CCDJ
*

FVOC

[Ins. claim]

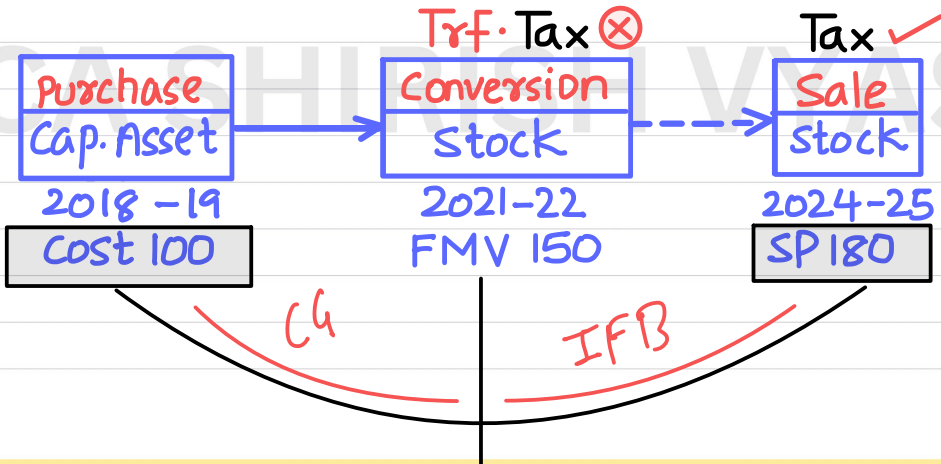
less: Trf. Exps

NC

less: COA/ICOA

less: COI/ICOI

STCG/LTCG

sec. 45(2) : CONVERSION of CA into SITCA \longrightarrow sold = CGGoods \longrightarrow sold = IFBCA \longrightarrow SIT \longrightarrow sold = CG + IFB

FVOC (FMV)	150	SP of SIT	180
<u>less: Trf. Exp.</u>		<u>less: FMV on the</u>	
NC		dt. of conv....	- 150
<u>less: COA/ICOA</u>	$(100 \times \frac{317}{280})$	Income from Bus...	<u>30</u>
<u>less: COI/ICOI</u>			
STCG/LTCG...	50		

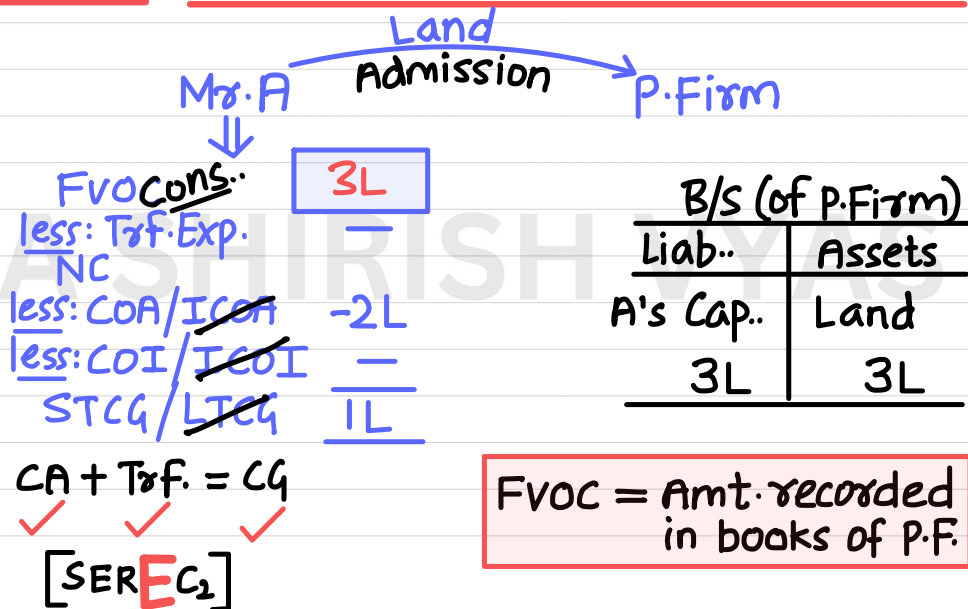
★ Trf. pur

Yr. of Tax = Yr. of Transfer [conversion]

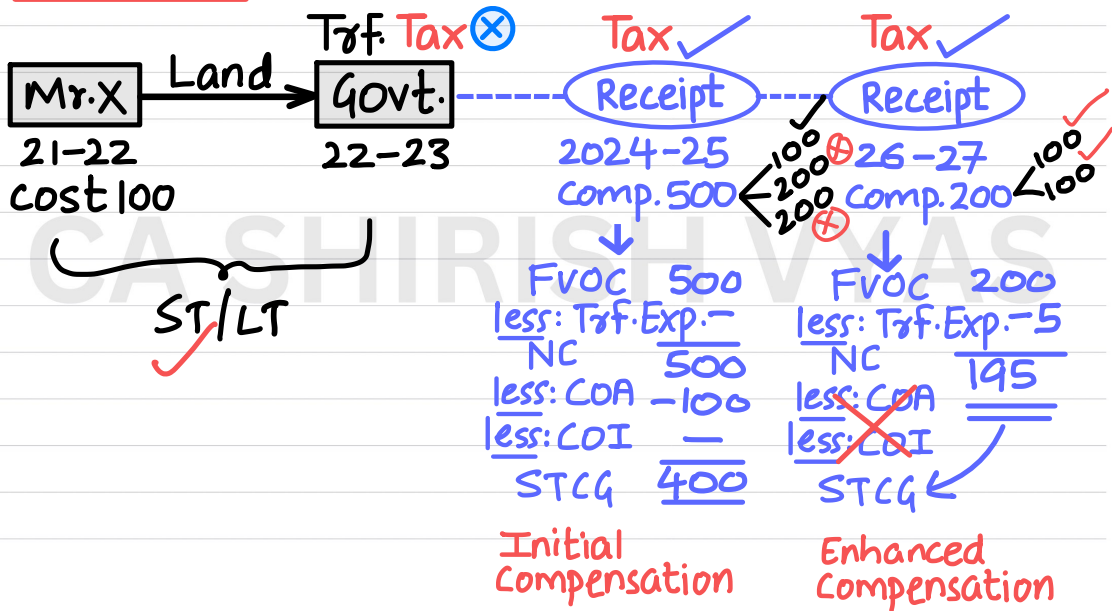
Yr. of Tax = Yr. of "Sale of SIT"

CCDJ
*

Sec. 45(3) : TRANSFER BY PARTNER TO P. FIRM



Sec. 45(5) : COMPULSORY ACQUISITION:



Note 1Yr. of Tax = ~~Yr. of Transfer~~Yr. of Tax = Yr. of "Receipt" CCDJ
*Note 2Installments → Initial First Inst. (T)
→ Enhanced As and when recd. (T)Note 3Receipt as per Interim order
Taxable when final orderNote 4Interest on compensation - 50% = IFOS
std. dedn

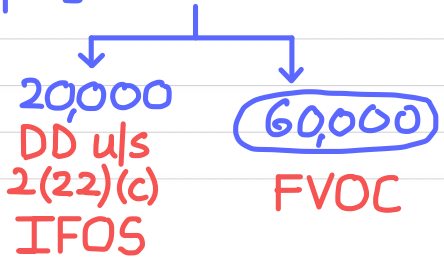
Sec.46: LIQUIDATION:

Mr. X (10% S/H)
6000 sh. pur. in 2011-12 Cost 12,000

B/S (Liquidation)

Escap.	6L	Land	0.5L
Reserves	2L	Other	
		Assets	7.5L
	<u>8L</u>		<u>8L</u>

Company $\xrightarrow{80,000 \text{ Land}}$ Mr. X (S/H)



CA + Trf. = CG

Shares ✓
SE **R** EG₂ ✓

Fmv 80,000

Land

money & money value of "other Assets" recd.

His share
in Reserves

20,000

Deemed Div.
u/s 2(22)(c)

IFOS

Balance

FVOC
less: Trf. Exp.
NC

less: COA/~~ICA~~
less: COI/~~COI~~

~~STG~~/LTCG

~~80,000~~ 60,000

~~80,000~~

12,000

—

XXX

Next year

Mr. X Sells land for Rs. 1,00,000

FVOC (SP) 1,00,000

less: COA [FMV of land - 80,000
at the time of
Liquidation]

STCG

20,000

Eg: factory Bldg.

purchased 2018-19

Cost 12,00,000

Sold 2024-25

SP 28,00,000

Soln:

~~FVOC
less: Trf. Exp.
NC
less: COA/ICOA
less: COI/ICOI
STCG/LTCG~~

Op. WDV
Add: purchases
less: Sales (SP)

sec. 47: EXEMPT TRANSFERS:

$$\checkmark \text{ CA} + \checkmark \text{ Trf.} = \text{CG}$$

~~⊗~~ Exempt u/s 47

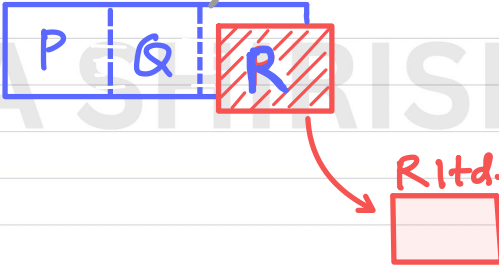
① Gift, will, Inheritance

② HUF $\xrightarrow{\text{partition}}$ Ind. member

③ Mr. X $\xrightarrow{\text{conversion}}$ HUF
 [Ind. member]

} B'coz
 NO
 Intention
 to
 make
 gain

④ X Ltd. $\xrightarrow{\text{Amalgamation}}$ Y Ltd.

⑤ X Ltd. Demerged Co.


⑥ H. Co. $\xrightarrow{\text{Sale}}$ 100% Sub. Co.

} B'COZ
No Actual
Change
in
ownership

⑦ X Ltd. Amalgamation → Y Ltd.



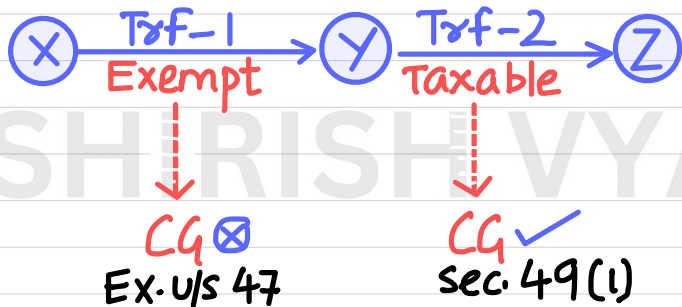
⑧ Convertible Debentures convert → shares



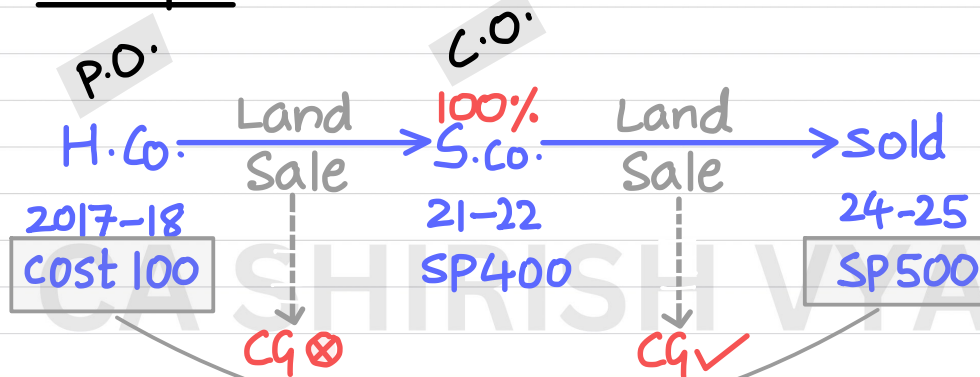
} B'coz
NO
Intention
to
make
gain

etc.....

Sec. 49(1) : CG AFTER EXEMPT TRANSFERS:



Cost Period Index
 ↓ ↓ ↓
 P.O. P.O. P.O.

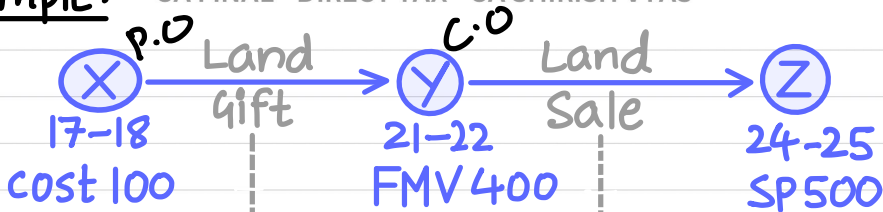
Example:

Ex.u/s 47

FVOC (SP) 500

less: Cost ~~-400~~ $\left[100 \times \frac{363}{272} \right]$

Example:



CG ~~⊗~~
Ex.u/s 47

CG ✓
FVOC (SP) 500
less: Cost -100/-400

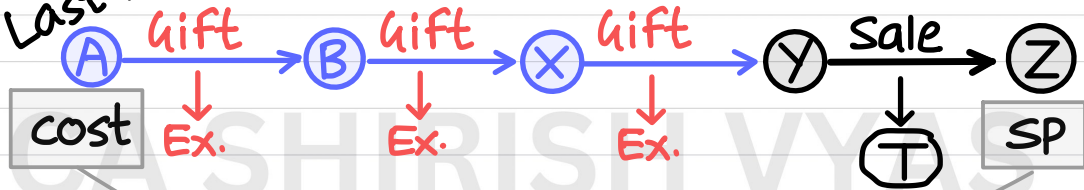
IFOS ~~⊗~~
Cost Period Index
P.O. P.O. P.O.

49(1)

IFOS ✓
Cost Period Index
Co Co Co

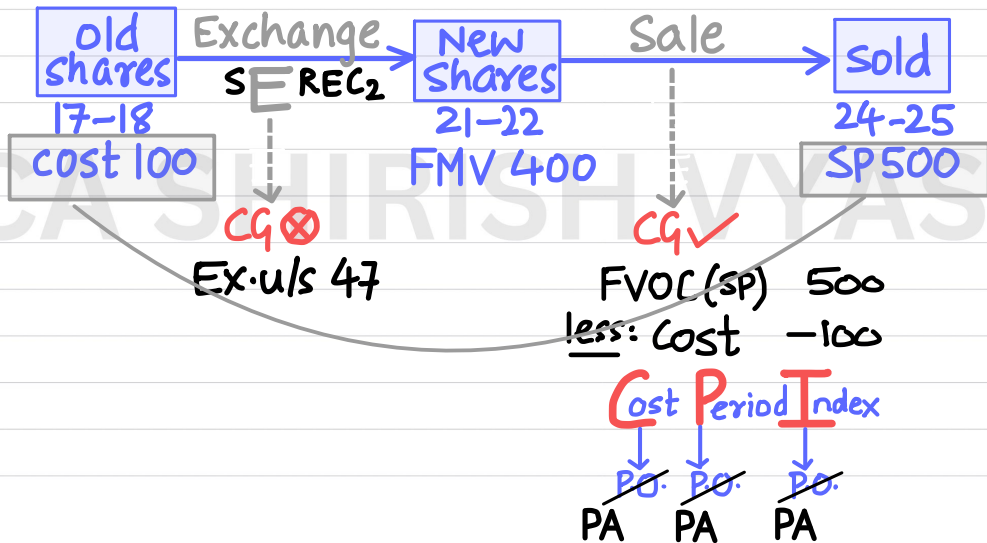
49(4)

Last P.O.



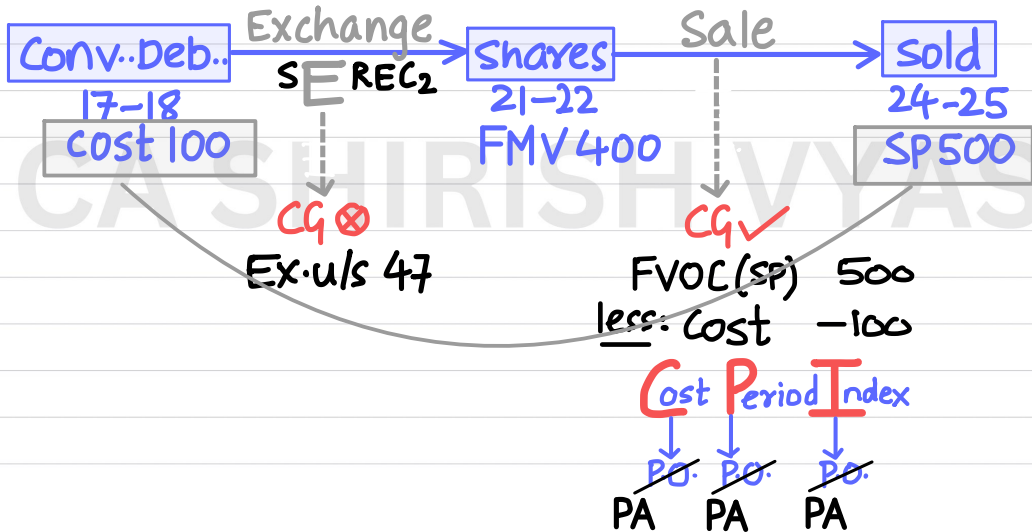
sec.49(2): COST OF SHARES IN NEW CO..

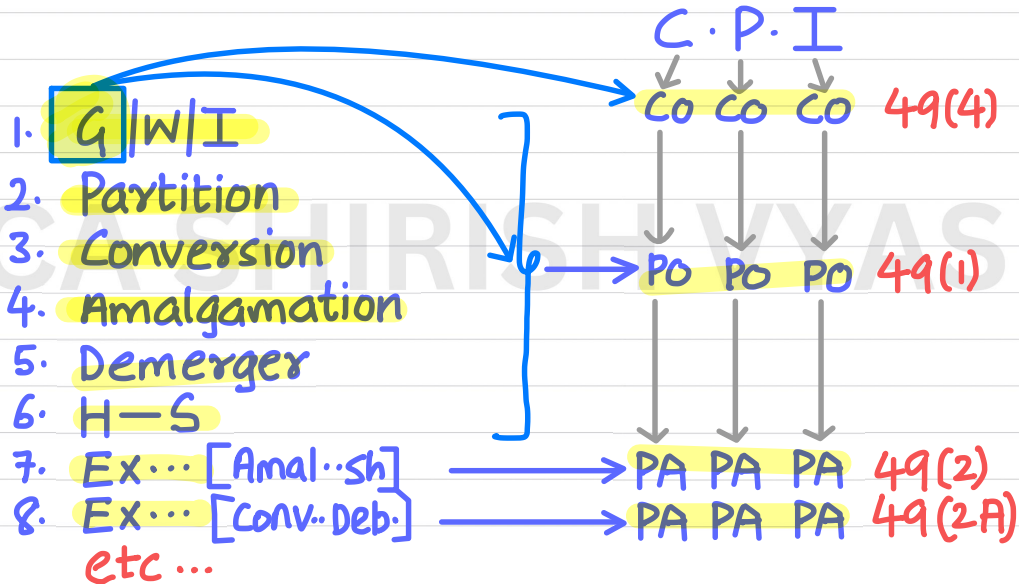
Amalgamation:



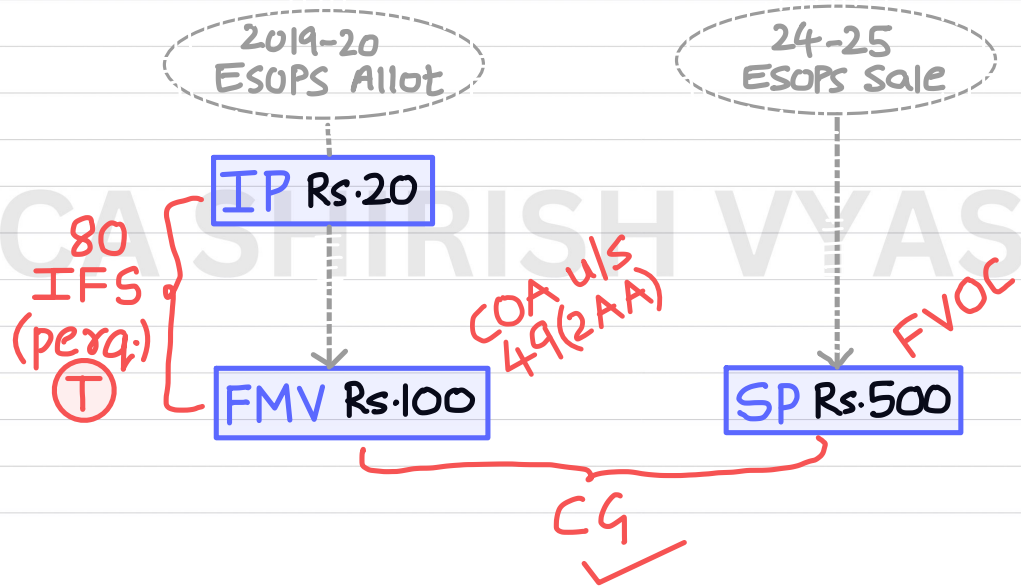
Sec. 49(2A): COST OF SHARES [From Conv.. Deb.] 429

Conversion



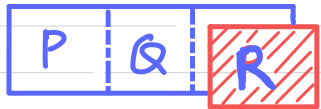
sec.47: EXEMPT TRANSFERS:

sec.49(2AA): COST OF SHARES [ESOPS]



Sec. 49(2C/2D) : COST OF SHARES [DEMERGER]

D.Co. X Ltd. NW 600 Cr.



R. Ltd. NBV of Assets trf.
R.Co. 100 Cr.

Mr. M [SIH of X Ltd.]
6,000 Sh. of X Ltd.
Cost Rs. 3L
(+)
1,200 Sh. of R Ltd.

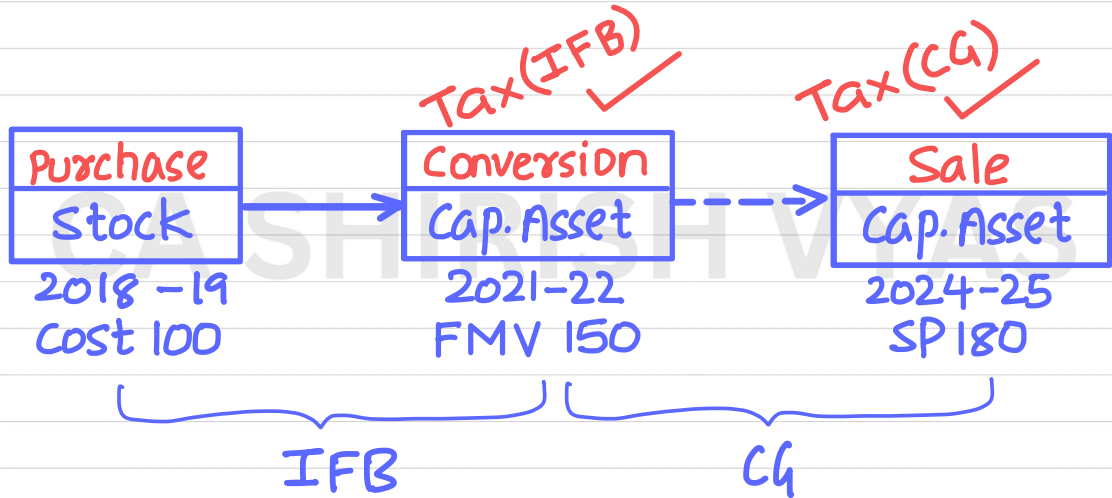
2,50,000
50,000

$\frac{1}{6}$

COMPUTATION

6,000 Sh.	1,200 Sh.
FVOC XXX (SP)	FVOC XXX (SP)
less: COA	less: COA
3,00,000	0
2,50,000	50,000
49(2D)	49(2C)
=	=
3L - 50,000	3L x $\frac{100}{600}$

sec. 49(9) : CONVERSION of SIT into CA⁴³³



Sec. 50C : FVOC [IMMOVABLE PROPERTY]

FVOC

↑ Actual SP
SDVless: Trf. Exps
NC

less: COA/ICOA

less: COI/ICOI

STCG/LTCG

SDV [Agreement dt.] 100 ✓

SDV [Regn. dt.] 120 (X)

Actual SP 80 ✓

If part/whole consideration — recd. by
A/c Payee chq./Draft/ECS [on/before Ag. Dt.]

~~SDV~~ 107
~~Actual SP~~ 100 ☆
 Difference 7

Small
Diff..
✓

~~SDV~~ 160 ☆
~~Actual SP~~ 100
 Difference 60

Big
Diff..
⊗

Rs.10

10% of Actual price

Big Difference

$$\begin{array}{l}
 \uparrow \text{SDV} \\
 \uparrow \text{Actual SP} \\
 \text{FVOC}
 \end{array}
 \quad
 \begin{array}{r}
 160 \quad (\otimes) \\
 \underline{100} \\
 160
 \end{array}$$

$$\begin{array}{r}
 \text{V.O.} \\
 \hline
 \checkmark 140 \mid \cancel{200}
 \end{array}$$

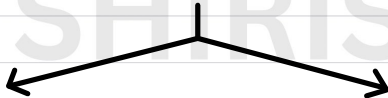
$$\text{FVOC} = \uparrow \text{Actual SP} / \text{SDV / V.O. [Lower]}$$

Select SDV [Ag. Date or Regn. Date]



Compare

- 1) Actual
- 2) SDV



Small Diff..

FVOC

=

Actual SP

Big Diff..

FVOC

=

↑ Actual SP
↑ SDV/VO (Lower)

Immovable Property

```
graph TD; A[Immovable Property] --> B[Sec. 50C]; A --> C[Sec. 43CA]; B --> D[Capital Asset [Capital Gains]]; C --> E[Stock-in-trade [PGBP]]
```

Sec. 50C

=

Sec. 43CA

Capital Asset
[Capital Gains]

Stock-in-trade
[PGBP]

①

②

③

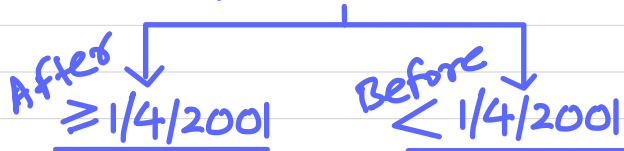
④

⑤

⑥

SITUATION	COST
Purchase before 1.4.2001	Cost = Actual cost ↑ FMV on 1.4.2001
Improvement before 1.4.2001	Ignore
Bonus Shares: → Alloted on/after 1.4.2001 → Alloted before 1.4.2001	Cost = Nil Cost = Actual cost ↑ FMV [1.4.2001] Nil xxx
Right "Shares": → For existing shareholder → For outsider	Cost = Issue price Cost = Issue price + Amt. paid to the renouncer
Rights "offer"	Cost = Nil
Self generated asset E.g. Goodwill, trademark, brand name etc. → If self generated → If purchased	Cost = Nil Cost = Purchase price

Bonus shares



FVOC
less: Trf. Exps
 NC

xxx
 — xx
 ———
 xxx

xxx
 — xx
 ———
 xxx

less: CoA/ICOA

Nil

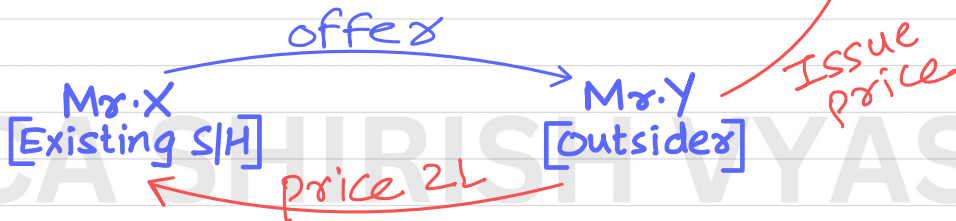
[↑ AC Nil
 ↑ FMV xxx] × $\frac{xxx}{xxx}$ } Trf pur.

$$CA + Trf. = CG$$

offer



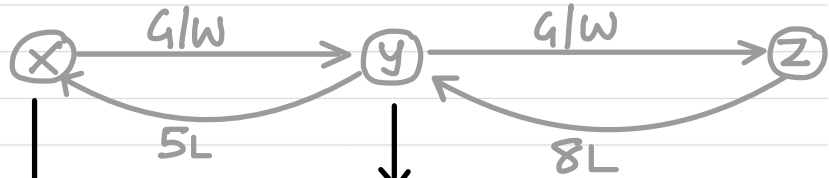
Company



↓ "offer"

FVOC	2L
less: Trf. Exps	-x
NC	2L
less: COA	zero

→ sec. 55



FVOC
 less: Trf. Exps
 NC
 less: COA

$$\begin{array}{r}
 5L \\
 \underline{\quad} \\
 5L \\
 \underline{\quad} \\
 \text{Nil}
 \end{array}$$

STCG/LTCG 5L

$$\begin{array}{r}
 8L \\
 \underline{\quad} \\
 8L \\
 \underline{\quad} \\
 -5L \\
 \underline{\quad} \\
 3L
 \end{array}$$

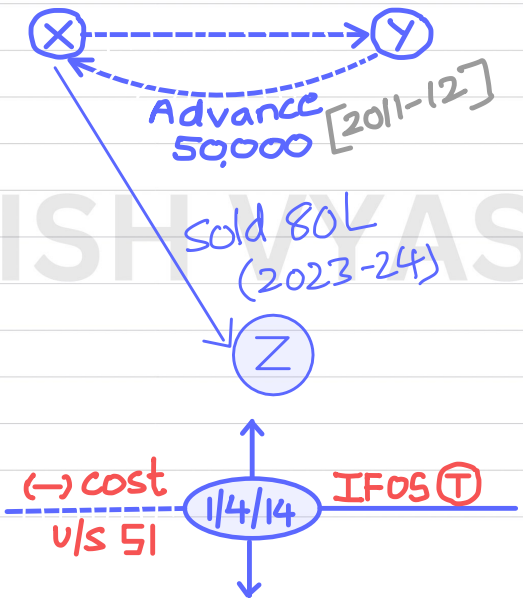
sec. 51: FORFEITURE OF ADVANCE:

2008-09
 purchase
 Cost Rs. 5L - 50,000

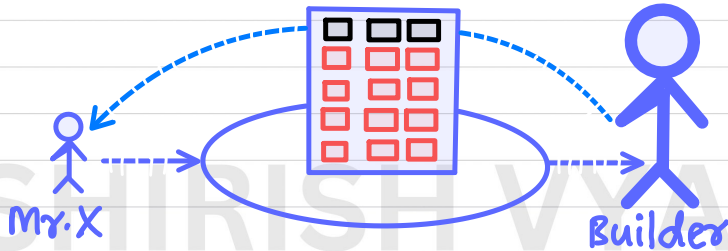
COMP. OF CG

FVOC	80L
(-) Trf. Exps	-
NC	<u>80L</u>

(-) Ind. COA
 [(5L - 50,000) × $\frac{348}{137}$] Trf. (23-24)
 Pur. (08-09)
 ↓
 v/s 51



sec.45(5A) : JOINT DEVELOPMENT AGREEMENT



~~Year of Tax = Year of Transfer [of Land]~~

Year of Tax = Year of "issue of CC"

CCDJ
*

FVOC



Monetary consideration
(+) SDV of his share ³ Flats

less: Trf. Exps
NC

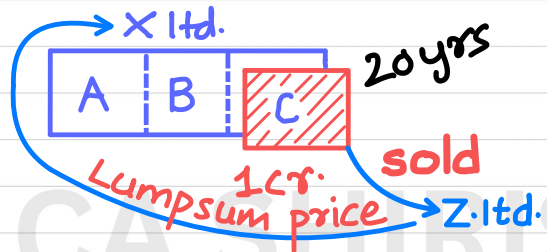
less: COA/ICOA

$\left[\begin{array}{l} \text{Cost} \\ \text{of Land} \end{array} \times \frac{\text{xxx}}{\text{xxx}} \right] \begin{array}{l} \text{Trf.} \\ \text{pur} \end{array}$

less: COI/ICOI

STCG/LTCG

Sec. 50B: SLUMP SALE:



COMP. OF CG
[Division "C" - Cap. Asset]

FVOC (Lumpsum Price)	1 cr.
less: Trf. exps.	—
NC	1 cr
less: Ind. COA	(80L)
	(NW)
STCG/LTCG	<u>20L</u>

Land	xxx
Bldg.	xxx
Machinery	xxx
Stock	xxx
Drs..	xxx
(-) Crs. etc..	- xx
	<u>xxx</u>

<u>B/S</u>	
SC	↓ WDV(IT)
RS	↓ BV
↓ BV	ME

FVOC

↑ FMV (Rule 11 UAE) xxx
 Actual price xxx

B/S	
	JAS FMV
	Imm..
o/s	prop.. SDV
liab.. BV	Others BV

less: Cost - xxx
 Net Worth
 STCG/LTCG xxx

B/S	
	Dep.. WDV
	Assets (I.T.)
o/s	Others BV
liab.. BV	

sec.50CA: FVOC [UNLISTED SHARES]

FVOC = \uparrow Actual SP
FMV as per Rule 11UA

EXEMPTIONS

Sec. 54

Sec. 54B

Sec. 54D

Sec. 54EC

Sec. 54EE

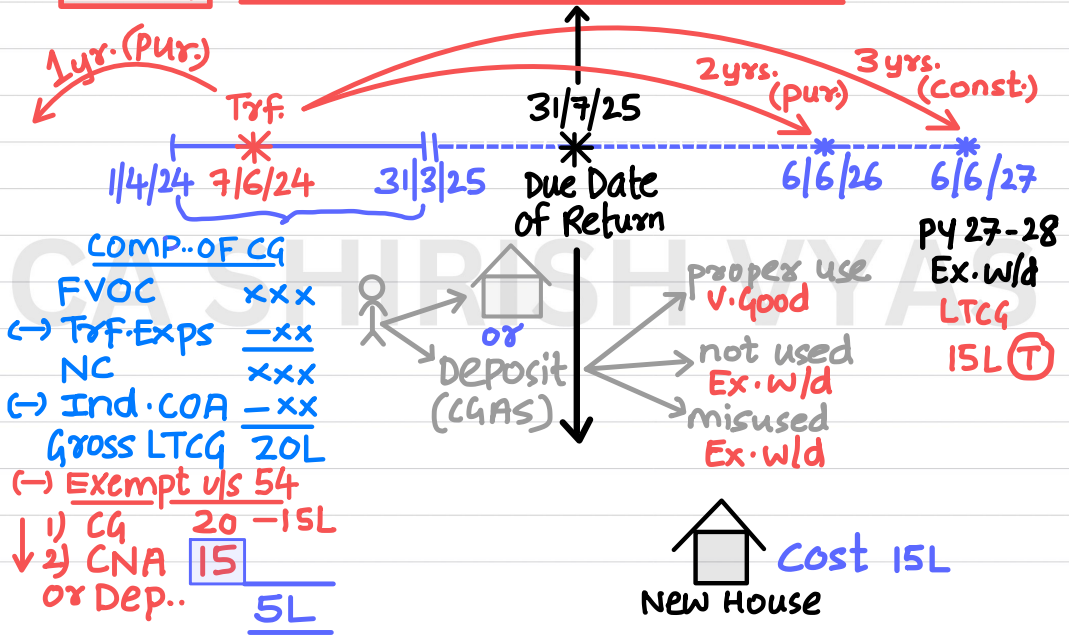
Sec. 54F

Sec. 54G

Sec. 54GA

	<u>sec.</u>	<u>Asset Trf.</u>	<u>Asset pur.</u>	<u>Time limit</u>	<u>Sch. of Dep.</u>	<u>Amt. of Ex.</u>	<u>LIP</u>	<u>Eligible A'ee</u>
L	54	RH = RH	RH	IB 2A 3A	same	same	3yrs.	I H
S/L	54B	Ag. = Ag.	Ag.	+ 2A	same	same	3yrs.	I H
S/L	54D	Ind. = Ind.	Ind.	+ 3A	same	same	3yrs.	All
L	54EC	LTCA ≠ Bonds (Imm.)	Bonds	= Gm.	N.A.	same	5yrs.	All
L	54EE	LTCA ≠ Units	Units	= Gm.	N.A.	same	3yrs.	All
L	54F	LTCA ≠ RH	RH	IB 2A 3A	same	Diff.	3yrs.	I H
S/L	54G	LBPM = LBPM	LBPM	IB ? 3A	same	same	3yrs.	All
S/L	54GA	LBPM = LBPM	LBPM	IB ? 3A	same	same	3yrs.	All

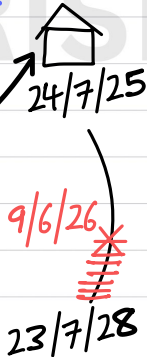
sec.54 : EXEMPTION FOR RES... HOUSE:



Q.8

COMP..OF CG [old RH]

FVOC (SP)	3000000
(-) Trf. Exps	—
NC	3000000
(-) Ind. COA	-10,41,393
[3.5L x $\frac{363}{122}$] Trf. pur.	
Gross LTCG	19,58,607
(-) Exempt u/s 54	-19,58,607
CG	19,58,607
(-) CNA/Dep. 32,00,000	
Net LTCG	Nil



COMP..OF CG [on sale of New House] ⁴⁵²

FVOC (SP)	42L
(-) Trf. Exps	—
NC	42L
(-) COA Full	-32L
STCG	10L
(+) LTCG Ex-wld	19,58,607
	29,58,607

COMP..OF CG [on sale of New House]

FVOC (SP)	42L
(-) Trf. Exps	—
NC	42L
(-) COA	-12,41,393
(32L - 19,58,607) Reduced	
STCG	29,58,607

COMP..OF CG [Res.House]

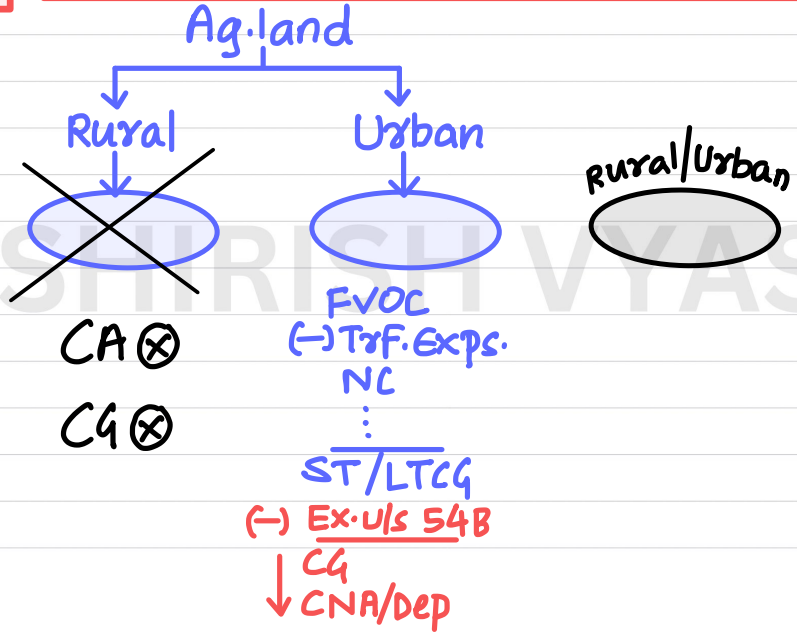
FVOC (SP)	70 cr.
(→) Trf.Exps	—
NC	70 cr.
(→) Ind.COA	-40 cr.
(→) Ind.COI	—
GROSS LTCG	30 cr.
(→) Ex.u/s 54	-18 cr.
↓ 1) CG	30 cr. -10 cr.
↓ 2) CNA/Dep.	18 cr.
	10 cr.
	<u>20 cr.</u>

max. Investment
in New House
Rs. 10 crores



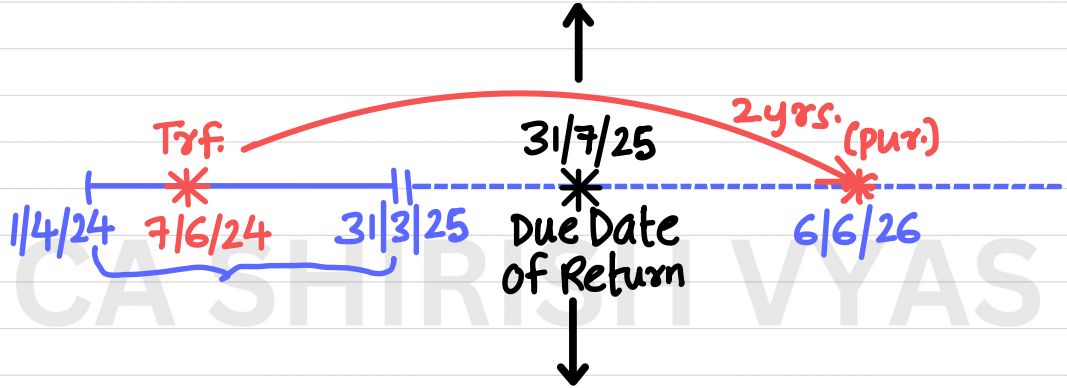
NEW HOUSE
CNA Rs. 18 cr.

Sec. 54B: EXEMPTION FOR URBAN AG. LAND



CA SHIRISH VYAS

Rural/Urban
 (Oval)



Q.9

COMP..OF CG [old Ag. land]

FVOC (SP)	24,50,000
(-) Trf. Exps	—
NC	<u>24,50,000</u>
(-) Ind. COA	— 3,63,000
[2L x $\frac{363}{200}$] Trf. pur.	
Gross LTCG	<u>20,87,000</u>

(-) Ex. v/s 54B: -20,87,000

- 1) CG 20,87,000
 ↓ 2) CNA/Dep. 26,00,000

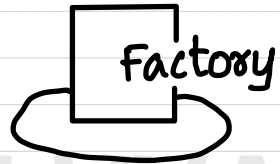
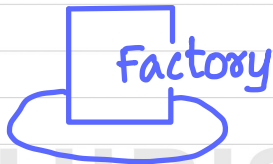
Net LTCG Nil

[on sale of 456 New urban Land]

<u>COMP..OF CG</u>	
FVOC (SP)	40,00,000
(-) Trf. Exps	—
NC	<u>40,00,000</u>
(-) Reduced COA	— 5,13,000
[26L - 20,87,000]	
STCG	<u>34,87,000</u>

urban Ag. (New)
 30/7/25
 3 yrs. Lock
 14/9/25*
 29/7/28

sec.54D: EXEMPTION FOR IND.. L&B <Comp. Acq.>

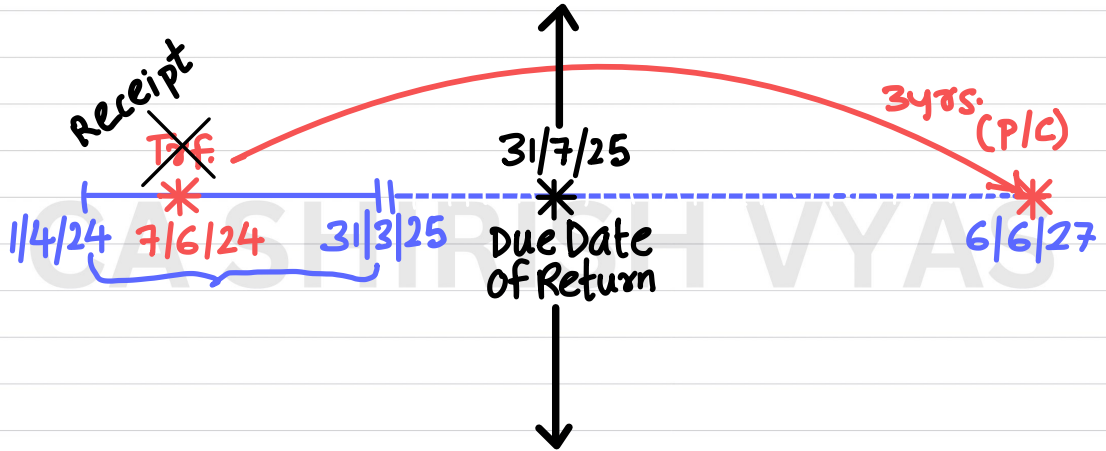


FVOC
 (-) TrF Exp
 NC

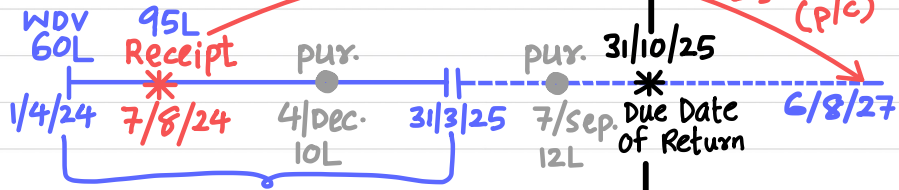
ST | LTCG

(-) Ex.uls 54D

CG
 ↓ CNA/Dep



~~2010-11
1 Pur: 10000~~



3 yrs. (Plc) 459

COMP. OF CG

Op. WDV	60L	(1)
Add: purchases	+ 10L *	(1)
	<u>70L</u>	(2)
less: Compensation	- 95L	(1)
Gross STCG	<u>25L</u>	(1)
less: Ex. u/s 54D	- 22L	
↓ 1) CG	25L	
↓ 2) CNA/Dep. *	22L	
*(10L + 12L)		
Net STCG	<u><u>3L</u></u>	

CA SHIRISH VYAS

Sec. 54F : EXEMPTION FOR ANY LTCA
[For purchase of RH]



change



= sec. 54

Rich - Poor
[Everyone]

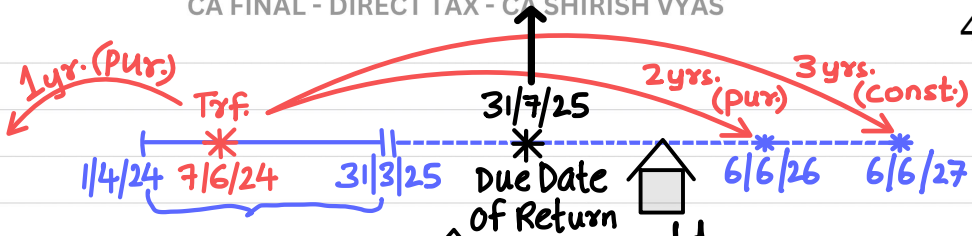


Arrange



= sec. 54F

only Poor



Eg: COMP. OF CG [Jewellery]

FVOC (SP)	50,25,000
(-) Trf. Exps	<u>- 25,000</u>
NC	<u>50,00,000</u>
(-) Ind. COA	<u>- 40,00,000</u>

Cost 25L



Ex.

Gross LTCG 10,00,000

(-) Ex. u/s 54F - 10,00,000

- 1) CG 10L
- 2) CNA/Dep. 25L

~~Nil~~ SL

$$\frac{1}{2} \times 5L = 2.5L$$

$$10,00,000 \times \frac{1(25) \text{ CNA}}{2(50) \text{ NC}}$$

Q.10

COMP..OF CG [plot]

FVOC (SP) 2925000

(-) Trf. Exps - 25000

NC 2900000

(-) Ind. COA - 8,92,623

[3L x $\frac{363}{122}$] Trf. pur.

Gross LTCG 20,07,377

(-) Exempt u/s 54F -9,69,079

20,07,377

Gross LTCG x $\frac{\text{CNA/Dep. 14L}}{\text{NC 29L}}$ Net LTCG... 10,38,298COMP..OF CG [On sale of New House]

462

FVOC (SP) 22L

(-) Trf. Exps -

NC 22L

(-) Full COA - 14L

STCG 8L House(+)LTCG Ex. w/d 9,69,079 plot17,69,079COMP..OF CG [sale of New House]

FVOC (SP) 22L

(-) Trf. Exps -

NC 22L

(-) Reduced COA - 4,30,921

[14L - 9,69,079]

STCG 17,69,079

Sec. 54EC: EXEMPTION FOR ANY LTCA [Imm... property]

[For BONDS]



COMP..OF CG

[Imm. prop.]

FVOC (SP)	x
(-) Trf. Exps	-x
NC	x
(-) Ind. COA	-x
	<u>90L</u>

(-) EX. u/s 54EC ~~80L~~

1) CG	90L	
2) CNA	80L	-50L
		<u>40L</u>

Bonds of

- NHAI
- RECL *Cost 80L*
- PFCL **CNA**
- IRFCL

Others (Notified)

Q. Factory Bldg (10 yrs. old)

WDV 50L
Sold for 90L

pur. bonds
of NHAI
RS. 25L

Ans: COMPUTATION OF CG

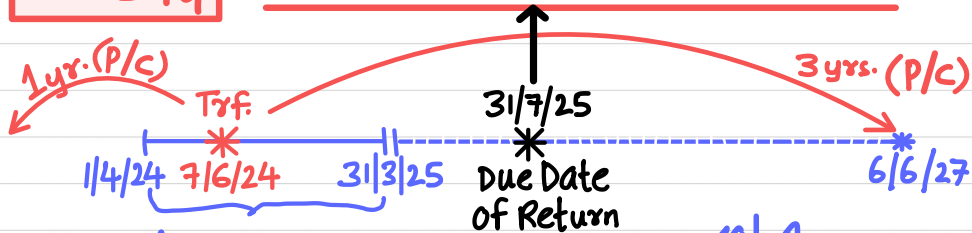
Op. WDV	50L	(1)
<u>Add: Purchases</u>	—	
<u>less: Sales (SP)</u>	- 90L	(1)
<u>Gross STCG</u>	<u>40L</u>	<u>0</u>
(-) Ex. U/s 54EC	- 25L	
↓ 1) CG	40L	
↓ 2) CMA	25L	
	<u>15L</u>	

Sec. 54EE : EXEMPTION FOR ANY LTCA
[For Units of SF]



Start-up = **D/I/I → P/P/S**
Scalable bus.model

sec. 54G: EXEMPTION FOR SHIFTING



Urban Area
 L | B | P | M

Rural Area
 L | B | P | M

FVOC (SP)
 (-) Trf. Exps
 NC
 (-) Ind. COA

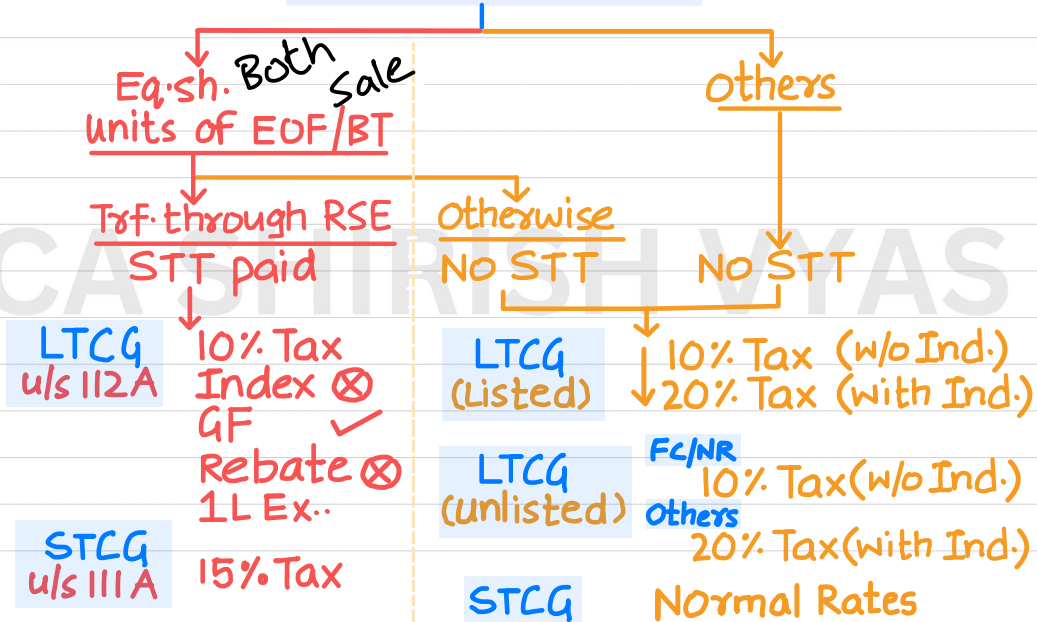
(-) Ex. u/s 54G
 ↓
 1) CG
 2) CNA / DEP

FINAL COMPUTATION

	<u>Land</u>	<u>Plm</u>	<u>furn.</u>
Gross LTCG	11,81,395	—	—
Gross STCG	—	21L	2.2L
(-) Ex.uls 54G	-2.4L	-21L	
1) CG	32,81,395		
2) CNA/Dep.	23,40,000		
Bldg GL Land 8L 9L shifting Exps. 40,000			
Net LTCG	9,41,395	—	—
Net STCG	...	0	2.2L

Annotations:
 - Blue arrow from 23,40,000 to -2.4L labeled "first pref."
 - Red stars next to 40,000 Exps.
 - Box around Bldg GL, Land 8L 9L, shifting, Exps. 40,000 with arrow pointing to 23,40,000.

Shares & Securities



If transfer is on or after 23/7/24 then:

STCG u/s 111A – 20% Tax

Exemption u/s 112A is up to ₹ 1,25,000

LTCGs [u/s 112A and others] – 12.5% Tax without Index

Before 1/4/18, STT paid - LTCG Fully Ex. u/s 10(38)

Budget 2018 (Feb.) - Taxable

Old Investors 😞

∴ Gains upto 31/1/18 Exempt 😊

CA SHIRISH VYAS

Cost

FMV
(31/1/18)

SP

I



30 (T)

II



Fully Ex.

III



40 (T)

IV

30 Loss
Fully
S/off

	I	II	III	IV
FVOC (SP)	180	120	140	70
less: COA				
↓ Fmv (31/1/18)	150 ✓	150	90 ✓	90
↓ SP	180	120 ✓	140	70 ✓
↑ Lower	150 ✓	120 ✓	90	70
↑ AC	100	100	100 ✓	100 ✓
Higher	150	120	100	100
LTCG	30	Nil	40	(30)

Old Investors

FMV as on 31.1.18

→ If **equity shares/units** were **listed** as on 31.1.18:

FMV as on 31.1.18 = **Highest Trading Price** as on 31.1.18.

→ If the **units** were **not listed** as on 31.1.18:

FMV as on 31.1.18 = **Net Assets Value** as on 31.1.18

→ If **equity shares** were **not listed** as on 31.1.18:

FMV as on 31.1.18 =

$$\text{Cost of Acquisition} \times \frac{\text{Index (2017-18)}}{\text{Index (Yr. of Purchase)}}$$

ULIP

Issued
before 1st/Feb./21
Exempt u/s 10(10D)

Issued
on/after 1st/Feb./21

Recd. on Death
Exempt u/s 10(10D)

Recd. on maturity

Small premium*
Exempt u/s 10(10D)

Big premium
Taxable (CG)

FVOC (Amt. Recd.)

less: COA (Total premium paid)

As per sec.112A

* premium upto 2.5 L p.a.
throughout the term

Important Note:

In case of multiple ULIPs, amount received from only those ULIPs will be exempt u/s 10(10D), the aggregate premium on which does not exceed Rs. 2,50,000.

	ULIP "A"	ULIP "B"	ULIP "C"	ULIP "D"
Annual Premium	1,00,000	1,00,000	1,00,000	1,00,000

Aggregate premium upto 2,50,000
Hence, ULIP "A" and "B" shall be exempt u/s

Taxable Taxable

maturity

20L

25L

16L

10L

sec. 45(4) : TRF. OF ANYTHING BY PF TO Partner**[on Reconstitution]**

B/s (PF)		
<u>P.Cap.</u>		Land 10 (Fmv 40)
A	10	
B	10	Cash 20
Retire C	10	
	<u>30</u>	<u>30</u>

Actual sale 96

FVOC	86
[96 - 10]	
less: COA	-10
<u>LTCG</u>	<u>76</u>

Money trf. to "C"	20
less: His Capital	-10
<u>LTCG</u>	<u>10</u>

QB

PF $\xrightarrow[\text{deemed sale}]{\text{CA/SIT}}$ Partner

PF $\xrightarrow{\text{CA}}$ P	PF $\xrightarrow{\text{SIT}}$ P
FVOC (FMV)	FVOC (FMV)
(\leftarrow) Cost / Ind. COA	(\leftarrow) Cost
ST/LT	IFB

Q.17

Revised B/S

P. Cap			
A	21	Gold	4 (FMV 55)
B	21	Shares	4 (FMV 55)
C	21	Cash	55
		(12+50-7)	
	<u>63</u>		<u>63</u>

⇒ Sec. 9B:

FVOC (FMV) 50 50

(-) ICoA -15 -10

LTCG 35 40

↓
20%
7

↓
As per
A/C's

33

Bk. Profit After Tax

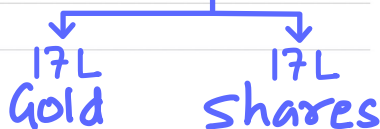


⇒ Sec. 45(4):

Amt. recd. 55 L

(-) His Capital (Adj) -21 L

STCG 34 L



Q.18

Revised B/s

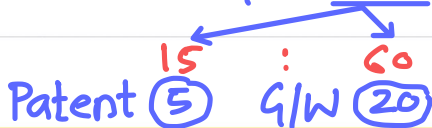
⇒ Sec.9B:

		<u>A/c</u>
FVOC (FMV) 45L		45L
(-) ICOA -45L		30
	<u>0</u>	<u>15</u>
LTCG	↓	↙ ↘
Tax Nil		5 5 5

<u>P.Cap.</u>	Patent 45 (FMV 60)
P 105	Drs. 25
Q 105	Cash 245
R 105	(200 + 45)
	G/W 0 (FMV 60)
<u>315</u>	<u>315</u>

⇒ Sec.45(4):

Amt. recd (85 + 45)	130
(-) His Adj. Cap..	<u>-105</u>
STCG	<u>25</u>



Q.20**Sec.9B**PF $\xrightarrow{\text{Gold}}$ Deemed SalePF $\xrightarrow{\text{Stock}}$ Deemed Sale

		<u>A/c</u>
FVOC	140L	140L
(-) ICOA	-110L	80L
LTCG	<u>30L</u>	<u>60L</u>

Tax @ 20%: 6L

		<u>A/c</u>
FVOC	120L	120L
(-) Cost	-90L	-90L
IFB	<u>30L</u>	<u>30L</u>

Tax @ 30%: 9L

Book Profit after Tax = 60L + 30L - 6L - 9L

$$= 75L \begin{cases} L & 25L \\ M & 25L \\ N & 25L \end{cases}$$

Revised B/s

P. Cap.		Land	110	FMV 290
L	175	G/W	0	FMV 180
M	175	Cash	415	
N	175	$(170 + 140 + 120 - 15)$		
	<u>525</u>		<u>525</u>	

⇒ Sec. 45(4):

Amt. recd $(140 + 120 + 35)$ 295
 (-) His Adj. Cap. 175
120

Land : G/W
 180 : 180

LTCG 60

60 STCG

FIRST PROVISIO TO SEC.48**CONVERSION BENEFIT FOR NR:**

$$\begin{aligned} & \textcircled{1} \text{ NR} + \textcircled{2} \text{ sh./Deb. of Ind. Co.} + \textcircled{3} \text{ Pur. in For. Curr.} \\ & + \textcircled{4} \text{ No STT paid (Not falling u/s 111A/112A)} \end{aligned}$$

=

Capital Gains



Compute (Foreign Curr.)



Convert (Indian Curr.)

Eq:

PurchaseSold

Cost Rs. 35,000

SP Rs. 80,000

1\$ = Rs. 35

1\$ = Rs. 80

COMP. OF CG Rs.COMP. OF CG \$

FVOC (SP) 80,000

FVOC (SP) 1,000

less: COA - 35,000less: COA - 1,000STCG 45,000STCG Nil

Example: Mr. X (Non – Resident) sent foreign currency to India
 Purchased shares of Indian co. on 24/8/2006 (Cost Rs. 1,20,000)
 Sold on 29/12/2024 (Sale Price Rs. 4,80,000) – Not through RSE.

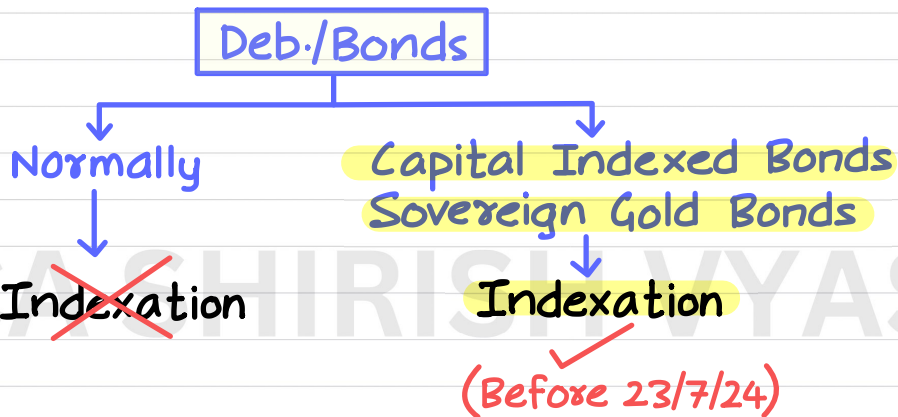
	Buying Rate	Selling Rate	Avg.
Pur. Dt. 24/8/2006	1\$ = Rs. 19	1\$ = Rs.21	20
Trf. Dt. 29/12/2024	1\$ = Rs. 59	1\$ = Rs. 61	60

Solution:

COMPUTATION OF CAPITAL GAINS

	\$
FVOC [Sale Price] [Rs. 4,80,000/60]	8,000
Less: Cost of Acquisition [Rs. 1,20,000/20]	- 6,000
LTCG [in foreign currency]	2,000

LTCG [in Rupees] = \$ 2,000 x Rs. 59 = Rs. 1,18,000



MLD - Units of SMF - Unlisted Deb./Bonds

MLD = Market Linked Debentures

SMF = Specified Mutual Fund [max. 35% Equity]

CA SHIRISH VYAS

FVOC [Amt. Recd. on Maturity/SP]	xxx
<u>less: Trf. Exps.</u>	<u>-xx</u>
NC	xxx
<u>less: Cost of Acquisition</u>	<u>-xx</u>
<u>Always Short-term</u>	<u>xxx</u>

- ① Urban Ag. Land — Comp. Acq. — Ex. 10(37)
- ② Gift — Ex. u/s 47 (only I/H) 
- ③ Immovable Property (GF for old Investors)

