For Addition compensation   PY 25-26, AY 26-27

FVOC (Additional)	250000
(-) legal charges	(6000)
LTCG	244000

Note 1:- If initial compensation is received in installment then total initial compensation in the year in which 1st installment is received. In the present case 1st installment of ₹10,000 is received in PY [25-26] so total compensation of 1400000 taxable in the year

Note 2:- Nature of capital gain on additional compensation depends upon nature of capital gain on original compensation. If capital gain on original compensation is long term then CG on enhanced compensation shall be long term as well.

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Mr Shivam

Computation of CG on initial compensation

FVOC (Initial compensation)	2000000
(-) Transfer expense	(30000)
Net consideration	1970000
(-) Index cost of Acquisition $\left[1200000 \times \frac{317}{113}\right]$	(3366372)
LTCG	(1396371)

For additional compensation — PY 25-26 AY 26-27

FVOC Additional		1800000
(-) legal charges		(100000)
	LTCG	1700000
(-) LTCL OF PY[25-26] AY [26-27]		1396372
		303628

Imp Note :- If any enhance compensation is received due to interim (temporary) order of any court, then such compensation shall be taxable in the year in which final order is made.

Interim order passed in PY 25-26
and Award compensation of ₹500000
(Received in PY 25-26)

↓

Final order passed in PY 27-28
and decided compensation
₹700000

↓ ₹500000
Already Received
↓
Taxable in PY 27-28

↓ Remaining ₹200000
↓
Received in PY 29-30
↓
Taxable in PY 29-30

Note:- As per CBDT if compensation is exempted as per Sec 96 of Fair Compensation and Transperancy in the Land Acquisition, Rehabilitation and Resettlement Act, 2013, such compensation also exempted under Income Tax Act.

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

Normally Destruction is not treated as transfer of capital Asset however if destruction of capital Asset is due to following 4 reasons and Insurance claim is received then it is treated as transfer and capital gain is applicable.

1) Natural calamities (flood, Tsunami, earthquake)
2) Riots
3) Enemy Attack
4) Fire explosion

In above cases, Asset is transfered in the year of destruction 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 in claim]	xxx
(-) Transfer expenses	(xx)
Net consideration	xxx
(-) COA/ICOA	(xx)
(-) COI/ICOI	(xx)
ST/LTCG	xxx

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Eg:- Miss Diksha acqured a HP in PY 25-26 ₹ 500000
On 1/11/2025, the HP was destroyed due to fire.
Insurance claim of ₹ 20000000 was received on
19/7/2026. Compute capital gain.

Capital Gain PY 25-26 AY 26-27

Full value of consideration	20000000
(-) cost of Acquisition	(500000)
LTCG	19500000

Sec	Cases	Year of Transfer	Year of Tax
45(2)	conversion of capital Asset into stock in trade	conversion into SIT	Stock sold
45(5)	compulsory fees of capital Assets	compulsory Acquisition	compensation Received
45(1A)	Destruction of capital Assets	Destruction year	Insurance claim Received

— Special case 1 —

Sec 50C:- Stamp Duty value (SDV) shall be treated as FVOC

In case of immovable property held as Capital Asset if SDV is more than 110% of consideration then such SDV shall be treated as FVOC.

	case I	II	III	IV	V
SP	100000	100000	100000	200000	200000
SDV	107000	112000	110000	2100000	2700000
FVOC	100000	112000	100000	200000	2700000

If Assessee not satisfied with SDV and he claimed that SDV is more the Market value then his case may transfer to valuation officer by Assessing officer.
If value determined by VO is more than SDV then value of VO shall be ignored and SDV is treated as FVOC.
If value determined by VO is less than SDV then value of VO shall be treated as FVOC

SDV on the date of Registration or Agreement

Normally SDV considered on the date of registration but if date of Agreement and Registration are not same then Assessee can take SDV on the date of Agreement if he received consideration or part there of upto the date of agreement by account pay check, account pay, demand draft or any other electronic mode through Bank Account.

Electronic mode :- Debit card, credit card, Net Banking,
→ RTGS, NEFT, IMPS, BHIM UPI and QR code.

Mr BB acquired HP on 16/7/2002 for ₹ 15,00,000
on 14/2/2026 he sold the property to Mr. Lakshman for
₹ 62,00,000, Lakshman paid stamp duty of ₹ 552000
i.e 6% at the time of registration. Assessee (BB)
Paid Brokerage @ 1% of consideration. Calculate
capital Gain Income of Mr BB

Mr BB — PY 25-26 AY 26-27

Capital Gain.

Particular	Amt
FVOC SP = 6200000	9200000
SDV = 552000 / 6%	
(-) Transfer fees [1% on 6200000]	(62000)
	9138000
(-) COA	(1500000)
LTCG	7638000

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— Special case 2 —

Sec 51 :- Advance money forfeited (token money)

SP = 100000
SDV = 112000
VO = 107000

$\boxed{\text{FVOC} = 107000}$

If any Advance money is forfeited before 1/4/2014 then it should be reduced from :-

a) Cost of Asset (If Asset acquired on or after 1/4/2001)
b) FMV as on 1/4/2001 (Asset Acquired before 1/4/2001 and FMV as on 1/4/2001 > cost)
c) WDV in case of depreciable Asset

Note 1 :- Advance money deduced before indexation if Indexation is applied.

Note 2: Advance money forefeited by previous owner shall not be reduced.

Sec 56 (2)(ix) :- If any advance money forefieted on or after 1/4/2014 then it shall be taxable under income from other sources in the year of forefeiture.

∴ Forfeiture cost se jyada ho to NIL

Special case 3 —

Sec 47 :- Following transactions not regarded as Transfer (Exempt Transfer)

1) Distribution of capital Asset by HUF to members on partition.

2) Transfer of capital Asset by Individual or HUF under gift, will or inheritance.

Exception :- If shares alloted under ESOP and gifted to someone, then it is treated as transfer and capital gain is applicable. For computation of CG, FMV as on date of gift is considered as FVOC.

3) Transfer of capital Asset by holding 100% subsidiary company and subsidiary company is an Indian company.

4) Transfer of capital asset by 100% subsidiary co. to holding co. and holding co. is an Indian company.

1) COA = Cost to Previous owner [49(1)]
2) COI = Incurred by Previous owner as well as present owner shall be considered.
3) Period of Holding :- POH of the previous owner as well as present owner shall be considered
4) ICOA = $\text{COA} \times \frac{\text{Index of the year of Transfer}}{\text{Index of the year in which previous owner acquired the Asset}}$

↓

If Asset is transfered before 23/7/24

[case law :- Manjula J. Shah - Bombay HC]

5) Benefit of FMV as on 1|4|2001 ⟶ Available

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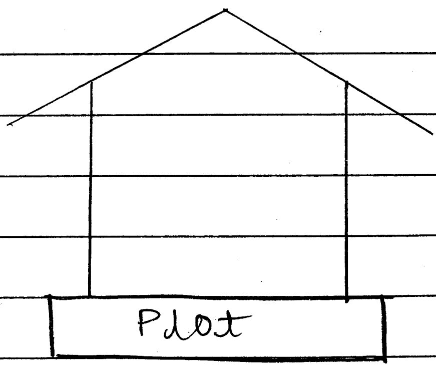
Mr. Dinesh PY 25-26 AY 26-27

Full value of consideration	6500000
SP = 5500000	
SDV = 6500000	
[As per sec 50 C If SDV > 110% of consideration so SDV treated as FVOC]	
(−) Transfer expenses	—
Net consideration	6500000
(−) COA	
Plot (Previous owner)	(700000)
Building	(1500000)
(−) COI	(500000)
LTCG	3800000

Eg:-
Mr Akshat

sale
on 10/12/25
SP:- 50,00,000



PY 24-25
cost:- 700000

PY 12-13
cost:- 500000

SP= 50,00000

	Plot	Building
	3000000	2000000
-COA	(50000)	(700000)
LTCG	2500000	1300000

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Mr Dee PY 25-26 AY 26-27

Computation of capital Gain

		₹
FVOC		2200000
(-) Transfer expenses		-
Net consideration		2200000
(-) cost of Acquisition (cost to previous owner)		
(i) Actual cost	65000	
(ii) a) FMV on 1/4/2001	270000	(270000)
b) SDV on 1/4/2001	290000	
(-) COI (Mr kay)		(235000)
LTCG		1695000

Note:- As per sec 51, Advance money forfeited before 1/4/14 by Assessee shall be reduced from COA but in the present question advance money is forfeited by previous owner (Mr kay) shall not be reduced.

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Mr X — PY 25-26 AY 26-27

computation of capital gain

full value of consideration		5800000
(-) Transfer expenses		-
Net consideration		5800000
(-) COA		
(i) cost	525000	
(ii) FMV as on 1/4/1	1190000	
SDV as on 1/4/1	1290000	
[1190000 - 40000]		(1150000)
LTCG		4650000

Note:- Advance Money forefeited before 1/4/14 shall be reduced from COA so in the present question ₹40000 forefeited by Mr X shall be reduced