

Date
25/03/2020

Capital Gain

for f.y - 2018-19
A.Y - 2019-20

Lecture by: -

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Charging Section

Section 45 of Income Tax Act, 1961

* Any profit or gains arising from the transfer of a Capital Assets.

* Exemptions: - ~~54A~~, Sections → 54, 54B, 54D, 54E, 54EA, 54EB, 54F, 54G, and 54H.

Assets Exempted: - • Gift, or Inherited property or will

• Agriculture Land in Rural Area

Types of Capital Assets

Long term

- More than 36 months →
- Land and Building more than 24 months.
- Other case more than 12 months ✓

Short term

- Land, Building, unlisted share of Company holding below 24 months.
- * Some Capital Assets < 12 months: -
 - Equity or pref. share of Listed Company on R-Stock Exchange
 - Securities → Deb, Bonds, Govt. Sec listed on R-Stock Exchange
 - units of UTI, whether quoted or not.
 - units of Equity associated mutual fund; whether quoted or not
 - zero coupon Bonds, whether quoted or not.

Tax Rates on Capital Gain :-

① Long term capital gain :-

* Sale of Equity shares or units of Equity oriented fund → 10% (if gain is more than ₹ 1 Lacs)

* Other case → 20%

② Short term capital gain :-

* Sale of securities (where Securities transaction tax (STT) paid) → 15%

* Other cases → Applicable Income Tax Slab rate.

Computation of short-term capital gain :-

Particulars	₹
Sales Consideration	18L
LESS:- Commission/Brokerage (2%) (XX)	(36000)
Net Sales Consideration	17,64,000
LESS:- COA XX → 10L	
COI XX → 2L (XX) - 12,00,000	(12,00,000)
STGC	5,64,000

* COA → Cost of acquisition
 * COI → Cost of Improvement

* CII → Cost Inflation Index
 CII for 2018-19 → 280

* Indexed COI = COI × CII → Yr of transfer

CII of Yr of Improvement

Computation of Long-term capital gain :-

Particulars	₹
Sales Consideration	XXX
LESS:- Commission/Brokerage	XX
Net Sales Consideration	XXX
LESS:- Index COA	XX
Index COI	XX
LTCG	XXX

Inflated
 • Benefit of Inflation.

* Indexed COA = COA × CII → Yr of transfer

CII of Yr of acquisition.