

**VIVEKANANDA COLLEGE
THAKURPUKUR
KOLKATA-700063**

NAAC ACCREDITED 'A' GRADE



Topic: Capital Gains

Course Title: B.Com (UNDER CBCS SYSTEM)

Paper: Taxation-1

Unit: 03

Semester: 4th Semester

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Name of the Department: COMMERCE

J purchased 500 equity shares of ₹ 10 each for ₹ 40 per share in 2007-08 and incurred an expenditure of ₹ 400 on brokerage. In May, 2008, he received 100 bonus shares. In September, 2009, he got 100 right shares for ₹ 20 each. He sold 100 bonus shares in November 2019 @ ₹ 90 per share and 100 right shares @ ₹ 80 per share in December 2019. Find out the capital gains for the assessment year 2020-21.

Note : Cost inflation index for the financial year—2007-08 = 129 ; 2009-10 = 148 ; 2019-20 = 289.

[C.S. (June), 2002]

Computation of Taxable amount of Capital Gain of Mr J for Itr A.Y-2020-21 relating to Itr P.Y 2019-20

<u>Bonus Sh</u>			
Sale am Proceeds (100 x 90)		9,000	
an:- Exp on transfer		-	
Net Sale Consideration		<u>9,000</u>	
an:- Indexed Cost of acquisition (Since Itr Bonus Sh. received after 1-4-2001) Long term capital gain		<u>NIL</u>	9,000
<u>Right Sh</u>			
Sale Proceeds (100 x 80)		8,000	
an:- Exp. on transfer		-	
Net Sale Consideration		<u>8,000</u>	
an:- Indexed Cost of acquisition (100 x 20 x $\frac{289}{148}$) LTCA		<u>3,905</u>	4,095
Taxable Capital Gain.			<u><u>13,095</u></u>

Mr. Dasgupta furnishes the following information for the previous year 2019-20 :

	Building	Shares
Date of acquisition	3.5.2002	21.7.2007
Date of sales	21.8.2019	2.9.2019
Cost	₹ 3,50,000	₹ 10,000
Sales price	₹ 6,25,000	₹ 12,000

Compute taxable income from capital gain for the assessment year 2020-21.

Cost inflation index, 2002-03 = 105 ; 2007-08 = 129 ; 2019-2020 = 289.

[C.U. B.Com. (General) 2010]

Computation of Taxable amount of Capital gain of Mr. Dasgupta for the A.Y. 2020-21 relating to the P.Y. 2019-20.

<u>Building</u>		
Sale Proceeds.		6,25,000
am:- Exp. on transfer		-
Net Sale Consideration.		6,25,000
am:- Indexed Cost of acquisition (3,50,000 × $\frac{289}{105}$)		9,63,333
		(3,38,333)
<u>Shares</u>		
Sale Proceeds		12,000
am:- Exp. on transfer		-
Net Sale Consideration		12,000
am:- Indexed Cost of Acquisition. (10,000 × $\frac{289}{129}$)		22,403
		(10,403)
		(3,48,736)
Taxable longterm Capital gain.		

Mrs. Biswas purchased a house on 03.07.89 for ₹ 80,000 (Fair market value on 01.04.01 ₹ 1,20,000). She constructed another floor on 08.07.07 at a cost of ₹ 3,15,000. She sold the house on 08.11.2019 for ₹ 25,00,000. She paid brokerage @ 2%. She purchased a one-room flat for ₹ 6,50,000 on 08.01.2020.

Compute taxable Capital Gain of Mrs. Biswas for the A.Y. 2020-21.

[CII for 2001-02 = 100; 2007-08 = 129 ; 2019-20 = 289]

[C.U., B.Com. (Hons.) 2013]

Computation of Income from Capital gain of Mrs Biswas for the A.Y. 2020-21 relating to the P.Y. 2019-20.

Sale Proceeds.		25,00,000
Ans:- Exp. on transfer Brokerage - (25,00,000 x 2%)		50,000
Net Sale Consideration		24,50,000
Ans:- Indexed Cost of acquisition. (1,20,000 x $\frac{289}{100}$)	3,46,800	
Ans:- Indexed Cost of Improvement (3,15,000 x $\frac{289}{129}$)	7,105,698	
LTCG		10,52498
Ans:- Exemption u/s 54 lower of following two a) Cost of investment in new flat b) Amount of LTCG [alternative (a) being lower]	6,50,000	
Taxable LTCG	13,97,502	6,50,000
		7,47,502

Mr. Banik furnishes the following information for the previous year 2019-20 :

	Residential house property at Howrah	Gold
Date of acquisition	December 10, 2007	April 15, 2009
Cost of acquisition	₹ 6,00,000	₹ 8,00,000
Date of sale	March 15, 2020	September 5, 2019
Sale proceeds	₹ 34,00,000	₹ 25,00,000
Brokerage	2% of Sale proceeds	—

During the previous year 2019-20, Mr. Banik purchased a residential house property at Shyambazar for ₹ 12,00,000. Compute his taxable income from capital gains for the assessment year 2020-21.

[Cost Inflation Index : 2007-08 : 129 ; 2009-10 : 148 ; 2019-20 : 289]

[C.U.B.Com. (Hons.) 2014]

Computation of Income from Capital gain of Mr. Banik for the A.Y.-2020-21 relating to the P.Y. 2019-20

<u>House Property</u>			
Sale Proceeds.		34,00,000	
Am: Exp. on transfer (34,00,000 x 2%)		68,000	
Net Sale Consideration		33,32,000	
Am: Indexed Cost of acquisition (6,00,000 x $\frac{289}{129}$)	13,44,186	13,44,186	
LTCG		19,87,814	
Am: Exemption u/s 54 lower of following two			
a) Actual amt. invested in New HP	12,00,000		
b) Amount of LTCG (alternative a, being lower)	19,87,814	12,00,000	
Gold			7,87,814
Sale Proceeds.		25,00,000	
Am: Exp. on transfer		—	
Net Sale Consideration.		25,00,000	
Am: Indexed Cost of acquisition. (8,00,000 x $\frac{289}{148}$)		15,62,162	
			9,37,838
Taxable LTCG			17,25,652

On 25.10.2019 Dimpi sold shares in a Co. for ₹ 6,60,000. She acquired those shares on 12.08.2010 for ₹ 2,91,000. Expenses in connection with sales ₹ 4,500. She purchased a residential house on 20.01.2019 for ₹ 3,00,000.

Compute taxable capital gain for the assessment year 2020-21 (STT is not applicable).

[Cost inflation index : 2019-20 = 289; 2010-11 = 167]

[C.U. B.Com (Hons.) 2012]

Computation of Taxable amount of Capital gain of Dimpi for the A.Y. 2020-21 relating to the P.Y. 2019-20

Sale Proceeds.		6,60,000
Ans:- Exp. in transfer.		4,500
Net Sale Consideration		6,55,500
Ans:- Indexed Cost of acquisition.	5,03,587	5,03,587
$(2,91,000 \times \frac{289}{167})$		
LTC is		1,51,913
Ans:- Exemption u/s 54		
Investment in new Asset x Amt. of Capital Gain		69,525
$\frac{\text{Net Sale Consideration} \times \text{Investment in new Asset}}{\text{Net Sale Consideration}}$		
$(\frac{3,00,000 \times 1,51,913}{6,55,500})$		
Taxable LTC is.		82,388

An asset was purchased by Mrs. Chakraborty in the year 2005-06 for ₹ 4,36,000. During the previous year 2019-20, it was sold for ₹ 8,00,000. Expenses in connection with the transfer is ₹ 18,000. Compute her income from Capital gain for the assessment year 2020-21. [CII for 2005-06 = 117 ; 2019-20 = 289]

[C.U., B.Com. (Supp.) 2013]

Computation of Income from Capital Gain of Mrs Chakraborty for the A.Y. 2020-21, relating to the P.Y. 2019-20.

Sale Proceeds.	8,00,000	
less: Exp. on transfer	18,000	
Net Sale Consideration.	7,82,000	
less: Indexed cost of acquisition.	10,76,957	
$4,36,000 \times \frac{289}{117}$		
LTCG		(-) 294,957

Raghubir sold a house on 1st January, 2020 for ₹ 25,00,000 (purchased on 01.01.2008) for ₹ 6,00,000. He paid 2% brokerage on sale and purchased another house (for own residential purpose) on 31st March, 2020 for ₹ 15,00,000.

Compute the taxable capital gain, if any, for the assessment year 2020-21.

[CII for 2007-08 = 129; 2019-20 = 289].

[C.U., B.Com. (Gen.) 2014]

Computation of Income from Capital Gain of Raghubir for the A.Y. - 2020-21, relating to the P.Y. - 2019-20.

Sale Proceeds.

am:- Exp. on transfer $(25,00,000 \times 2\%)$

Net Sale Consideration

am:- Indexed Cost of Acquisition

$$(6,00,000 \times \frac{289}{129})$$

L T C U

am:- Exemption u/s 54

lower of following two

a) Actual amt. investment in house (new)

b) Amount of Capital Gain

L T C U.

	25,00,000
	50,000
	<hr/>
	24,50,000
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	13,44,186
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	11,05,804
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	15,00,000
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	11,05,804
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	NLL

Shekhar furnishes the following information for the previous year 2019-20 :

	Building	Shares
Date of acquisition	3.5.05	21.7.11
Date of sale	21.8.19	2.9.19
Cost of acquisition (₹)	3,50,000	10,000
Sale proceeds (₹)	6,25,000	12,000

Cost inflation index for 2005-06 = 117, for 2011-12 = 184 and for 2019-20 = 289.

Compute taxable income from capital gains for the assessment year 2020-21.

[Adapted—C.U., B. Com. (General), 2001]

Computation of Taxable Income from Capital gain of Shekhar for the A.Y. 2020-21 relating to the P.Y. 2019-20

<u>Building</u>			
Sale Proceeds.		6,25,000	
Am: Expenses on transfer.		—	
Net Sale Consideration		6,25,000	
Am: Indexed cost of acquisition.			
$(3,50,000 \times \frac{289}{117})$		8,64,530	
		8,64,530	(2,39,530)
<u>Share</u>			
Sale Proceeds		12,000	
Am: Exp. on transfer		—	
Net Sale Consideration		12,000	
Am: Indexed cost of acquisition			
$(10,000 \times \frac{289}{184})$		15,707	
		15,707	(3,707)
Long Term Capital Gain			<u><u>(2,43,237)</u></u>