

TAXBOOK⁺

Working steps of solutions

B21 to B30

Capital Gains

Build Your Confidence (BYC)

B21. 50C – Compute the capital gains chargeable in the hands of Shekhar from the following sequence of events.....

Computation of capital gain in the hands of Shekhar for AY 2022-23

Particulars	Rs.
Full value of consideration = Actual consideration since SDV on date of agreement is \leq 110% of 30 lakh. SDV on date of agreement is taken since part of consideration is paid on the date of agreement by a specified mode (a/c payee cheque).	30,00,000
Less: Expenses on transfer (brokerage @ 1% of 30,00,000)	(30,000)
Net consideration	29,70,000
Less: ICOA = COA \times (CII of 2021-22 / CII of 2001-02) COA is higher of actual cost of 5,25,000 (5,00,000 + 5% stamp duty) or 6,00,000 (FMV on 1.4.2001 which can't exceed SDV on this date) = 6,00,000. This is to be reduced by advance forfeited before 1.4.2014 of 75,000 as per section 51. Thus COA = 6,00,000 – 75,000 = 5,25,000. Advance of 1,00,000 forfeited on 1.7.2017 (i.e., on or after 1.4.2014) is taxable as IFOS for AY 2018-19 u/s 56(2)(ix). ICOA = 5,25,000 \times (317/100)	(16,64,250)
Less: ICOI:	
• For construction of floor on 1.5.1998: Ignored as incurred before 1.4.2001	-
• For construction of floor on 1.5.2005 = COI \times (CII of 2021-22/CII of 2005-06) = 2,00,000 \times (317/117)	(5,41,880)
Long term capital gain	7,63,870

B22. 50C – Both land and building – Rashmi purchased a plot of land for Rs. 20 lakh on 1.3.2000 (FMV on 1.4.2001.....

Computation of capital gain chargeable in the hands of Rashmi for AY 2022-23

Particulars	Land	Building
Full value of consideration:	40,00,000	90,00,000
Land = Actual FVC since SDV of 35 lakh is \leq 110% of consideration (44 lakh)		
Building = SDV of 90 lakh, since it is $>$ 110% of consideration (88 lakh)		
Less: ICOA of plot of land = COA (Higher of COA or FMV on 1.4.2001 (can't exceed SDV)) \times (CII of 2021-22/CII of 2001-02) = 25 lakh \times (317/100)	(79,25,000)	-
Less: COA of building	-	(60,00,000)
Less: COI	-	(5,00,000)
Long term capital gain (loss)	(39,25,000)	-
Short term capital gain (since POH is not more than 24 months)		25,00,000

B23. 50CA – Mr. Sharekhan transferred 1,000 unquoted shares of Khan Pvt. Ltd. to Mr. Bond on 10.9.2021 at

Computation of capital gain for AY 2022-23

Particulars	Rs.
Full value of consideration u/s 50CA = 1,000 shares @ FMV of Rs. 5,000 per share since FVC $<$ FMV	50,00,000
Less: ICOA = COA \times (CII of 2021-22/CII of 2005-06) = 1,000 \times 1,500 \times (317/117)	(40,64,103)
Long term capital gain	9,35,897

FINANCIAL ASSETS

B24. Bonus shares – Mr. Ghosh purchased 2,000 shares of JKG Ltd. on 20.10.1999 for Rs. 80 each. JKG Ltd. allotted.....

Computation of capital gain chargeable for AY 2022-23

Particulars	Original shares - 2,000	Bonus shares - 1,000	Bonus shares – 600
Full value of consideration	20,00,000	10,00,000	6,00,000
Less: Expenditure on transfer @ 1%	(20,000)	(10,000)	(6,000)
Net consideration	19,80,000	9,90,000	5,94,000
Less: COA			
• Original shares: COA (Higher of COA (80.80, i.e., 80 + 1% brokerage) or FMV (90) on 1.4.2001) × (CII of 2021-22/CII of 2001-02) = (2,000 × 90) × (317/100)	(5,70,600)	-	-
• Bonus shares 1 st lot: COA (Higher of COA (nil) or FMV (90) on 1.4.2001) × (CII of 2021-22/CII of 2001-02) = (1,000 × 90) × (317/100)	-	(2,85,300)	-
• Bonus shares 2 nd lot: COA = Nil	-	-	Nil
Long term capital gain	14,09,400	7,04,700	-
Short term capital gain	-	-	5,94,000

B25. Right shares – Jagjit purchased 1,000 shares of PQR Ltd. of face value Rs. 10 each on 22.5.2015 for Rs. 100.....

Computation of capital gain chargeable for AY 2022-23

Particulars	Jagjit – Original shares	Jagjit – Right shares	Jagjit – Shares renounced	Rekha
Full value of consideration				
• Jagjit = 1,000 original shares and 100 right shares subscribed @ 250 per share	2,50,000	25,000	-	-
• Jagjit – 150 right entitlement renounced @ 25 per share	-	-	3,750	-
• Rekha – 150 shares @ 250 per share	-	-	-	37,500
Less: COA				
• Jagjit - Original shares: COA × (CII of 2021-22/CII of 2015-16) = (1,000 × 100) × (317/254)	(1,24,803)	-	-	-
• Jagjit – Right shares subscribed: 100 shares @ 90 per share	-	(9,000)	-	-
• Jagjit – Right entitlement renounced	-	-	Nil	-
• Rekha – 150 shares @ 115 (25 paid to Jagjit + 90 paid to PQR Ltd., per share)	-	-	-	(17,250)
Long term capital gain	1,25,197	-	-	-
Short term capital gain	-	16,000	3,750	20,250

B26. ESOP – Shashi, employed by DEF Pvt. Ltd., was offered 1,000 shares in the company at a pre-determined price.....

Computation of perquisite taxable under the head 'Salaries' for AY 2022-23

Particulars	Rs.
FMV on date of exercise of option @ 400 per share for 500 shares	2,00,000
Less: Amount paid @ 200 per share for 500 shares	(1,00,000)
Taxable perquisite	1,00,000

Computation of capital gain for AY 2022-23

Particulars	Rs.
Full value of consideration @ 600 per share for 200 shares	1,20,000

Less: COA @ 400 per share (FMV on date of exercise of option) for 200 shares	(80,000)
Short term capital gain (since shares held for not more than 12 months from allotment)	40,000

B27. 47(x) – Mohan acquires 1,000 fully convertible debentures of Share Ltd. on 15.4.2015 of face value Rs. 100 each.....

Computation of capital gain for AY 2022-23

Particulars	Rs.
Capital gain on conversion of debentures to shares in PY 2019-20	Nil
Capital gain on sale of shares in PY 2021-22	
Full value of consideration = 100 × 5,000 shares	5,00,000
Less: Expenditure on transfer = 1% of 5 lakh	(5,000)
Net consideration	4,95,000
Less: ICOA = COA of debentures × (CII of 2021-22/CII of 2015-16) = (1,000 × 200) × (317/254)	(2,49,606)
COA, POH and indexation is taken with reference to debentures	
Long term capital gain	2,45,394

INTANGIBLE ASSETS

B28. Intangible – Mr. Doc, a doctor, started his profession. With the passage of time, he acquired lot of reputation.....

Computation of capital gains arising to Mr. Doc for AY 2022-23 on transfer of goodwill

Particulars	Rs.
Full value of consideration	2,00,000
Less: ICOA	Nil
Long term capital gain	2,00,000

B29. Intangible – Mr. X started the business of manufacturing furniture on 10.8.1995. As on 1.4.2001, the fair

Computation of capital gains arising to Mr. X for AY 2022-23

Particulars	Rs.
Full value of consideration	1,50,00,000
Less: Expenditure on transfer	(1,00,000)
Net consideration	1,49,00,000
Less: ICOA & ICOI	Nil
Long term capital gain	1,49,00,000

B30. Intangible – Roshan purchased tenancy rights from Mohan on 1.1.1998 by paying Rs. 1 lakh. Fair market value.....

Computation of capital gains arising to Roshan for AY 2022-23

Particulars	Rs.
Full value of consideration	5,00,000
Less: Expenditure on transfer	(10,000)
Net consideration	4,90,000
Less: ICOA = COA (FMV substitution not available) × (CII of 2021-22/CII of 2001-02) = 1 lakh × (317/100)	(3,17,000)
Long term capital gain	1,73,000