

Question:

Mr. Suresh Kumar 'Suman' a land for agricultural in April 2007 for 72000 in Kanpur. Now this land is covered with in Kanpur Municipal Corporation jurisdiction. Mr. Suresh's father is using this land for agricultural purpose since it was purchased. A factory owner is offering Rs 2490300 for this land. Now Mr. Suresh is interested in this proposal but he wants to know the amount that will be taxable on capital gain, if he say to this proposal and that too can this income be exempted from tax? Yes How. Cost Inflation Index was 129 for the year 2007-8.

Ans.

Computation of Taxable Capital gain
of Suresh Kumar Suman.
Assessment year 2019-20

Sales Consideration as per proposed 2490300
(-) Cost of Acquisition $72000 \times \frac{280}{199} = 1562791$

Suggestion: Long term capital gain. 927509
96 Mr. Suresh accept the proposal of factory owner there will be long term capital gain of 927509. There are two options for him to avail exemption on this capital gain.

Law & Taxation.
T.D.C. Part III
B. Com.

By Dr. S. N. Pathak
Dept of Commerce.
R.N.C. 1707/2019

① First Mr. Suresh, should ~~transfer~~ invest whole amount of capital gain into Capital Gain Account Scheme 1988. He will be exempted from tax.

② After that, He should ~~invest~~ invest the amount from the capital gain in purchasing new agricultural land for this whole amount within two years of transfer of agricultural land. Thus he will be exempted from tax fully.

