

How to Compute Your Capital Gains



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This booklet should not be construed as an exhaustive statement of the Law. In case of doubt, reference should always be made to the relevant provisions in the Acts and the Rules

PREFACE

The Directorate of Income Tax (PR, PP&OL), is constantly making efforts to respond to popular demand in the matter of publications under the Tax Payers' Information Series. "**How to compute your Capital Gains**" is one such subject on which tax payers of various categories often have lots of queries. The present updated edition is a crisp and concise publication on the subject, incorporating the latest amendments in Taxation laws, in a simple yet lucid manner.

This booklet was brought out earlier in February, 2014. The present edition incorporates further amendments made up to Finance Act, 2014. The author Smt. Garima Bhagat, Addl. Director General, Competition Commission of India, New Delhi has taken keen interest in updating the edition.

It is hoped that this publication will prove to be very useful for the readers. The Directorate of Income Tax (Public Relations, Printing and Publications and Official Language) would welcome any suggestions to further improve this publication.



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INTRODUCTION

The word 'income' has special meaning with reference to income-tax. It inter alia includes gains derived on transfer of a capital asset. Since these are not annual accruals, these are treated on a different footing for taxation purpose.

The basic concepts and provisions relating to computation of taxable capital gains are briefly explained in this monograph.

Chapter 1 briefly outlines the computation of total income and tax payable on the total income. Chapter II deals with the scope of taxation of capital gains and the rules of computation of taxable gains and tax thereon. Deductions from the Long-term Capital Gains are discussed in Chapter-III. Chapter-IV contains rules applicable in certain exceptional cases. Treatment of losses and rules regarding carry forward and set off of such losses are discussed in Chapter-V.

The law contained in this publication is as per Income-tax Act, 1961 as amended by Finance Act, 2013.

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CHAPTER - I

Computation of Total Income

Income-tax is charged on the Total Income of a Previous Year at the rates prescribed for the Assessment Year. "Assessment Year" means the period of 12 months commencing on April 1, every year. 'Previous Year' is the financial year immediately preceding the assessment year.

A 'resident' tax payer is charged to income-tax on his global income, subject to double taxation relief in respect of foreign incomes taxed abroad. In the case of a non-resident, income-tax is charged only on incomes received, accruing or arising in India or which are deemed to be received, accrued or arisen in India.

For the purpose of computing total income and charging tax thereon, income from various sources is classified under the following heads:

- A. Salaries
- B. Income from House Property
- C. Profits and Gains of business or profession
- D. Capital Gains
- E. Income from Other Sources

These five heads of income are mutually exclusive. If any income falls under one head, it cannot be considered under

any other head. Income under each head has to be computed as per the provisions under that head. Then, subject to provisions of set off of losses between the heads of income, the income under various heads has to be added to arrive at a gross total income. From this gross total income, deductions under Chapter VIA are to be allowed to arrive at the total income.

On this total income tax is calculated at the rates specified in the relevant Finance Act or the rates given in the Income Tax Act itself [as in the case of long term capital gains]. From this tax, rebates and reliefs, if any, allowable under Chapter VIII are allowed to arrive at the total tax payable by the assessee. The above procedure is summarized below:

Gross Total Income	=	A+B+C+D+E
Total Income	=	Gross Total Income - Deductions under chapter VIA
Total Tax Payable	=	Tax on Total Income - Rebates and reliefs under Chapter-VIII

It is noteworthy that with effect from 1.4.2006, no rebate is allowable to an assessee.

CHAPTER - II

Computation of Capital Gains

Profits or gains arising from the transfer of a capital asset made in a previous year is taxable as capital gains under the head "Capital Gains". The important ingredients for capital gains are, therefore, existence of a capital asset, transfer of such capital asset and profits or gains that arise from such transfer.

Capital Asset

Capital asset means property of any kind except the following:

- a) Stock-in-trade, consumable stores or raw-materials held for the purpose of business or profession.
- b) Personal effects like wearing apparel, furniture, motor vehicles etc., held for personal use of the tax payer or any dependend member of his family. However, jewellery, even if it is for personal use, is a capital asset. The Finance Act, 2007 has modified the definition of Personal effects w.e.f. 1.4.2008. 'Personal effects' now include movable property including wearing apparel and furniture held for personal use by the assessee or any member of his family dependent on him, but excludes:-
 - i) Jewellery
 - ii) Archaeological Collections
 - iii) Drawings
 - iv) Paintings

- v) Sculptures or
- vi) Any work of art
- c) Agricultural land in India other than the following:
 - i) Land situated in any area within the jurisdiction of municipality, municipal corporation, notified area committee, town area committee, town committee, or a cantonment board which has a population of not less than 10,000 according to the figures published before the first day of the previous year based on the last preceding census.
 - ii) Land situated in an area, within the distance.
 - (a) not being more than two kilometers, from the local limits of any municipality or cantonment board referred to in item (A) and which has a population of more than ten thousand but not exceeding one lakh; or
 - (b) not being more than six kilometers, from the local limits of any municipality or cantonment board referred to in item (A) and which has a population of more than one lakh but not exceeding ten lakh; or
 - (c) not being more than eight kilometers, from the local limits of any municipality or cantonment board referred to in item (A) and which has a population of more than ten lakh.
 - d) 6 $\frac{1}{2}$ per cent Gold Bonds, 1977, 7 per cent Gold Bonds, 1980, National Defence Gold Bonds, 1980 and Special Bearer Bonds, 1991 issued by the Central Government.
 - e) Gold Deposit Bonds under Gold Deposit Scheme, 1999 notified by the Central Govt.

Though there is no definition of “property” in the Income-tax Act, it has been judicially held that a property is a bundle of rights which the owner can lawfully exercise to the exclusion of all others and is entitled to use and enjoy as he pleases provided he does not infringe any law of the State. It can be

either corporeal or incorporeal. Once something is determined as property it becomes a capital asset unless it figures in the exceptions mentioned above or the Capital Gains is specifically exempted. In the following cases, income from Capital Gains is specifically exempted:

- i) income from transfer of a unit of the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and where the transfer of such asset takes place on or after 1.4.2002.
- ii) income from transfer of an “eligible equity share” in a company purchased on or after 1.3.2003 and before 1.3.2004 and held for a period of twelve months or more.
Eligible equity share means equity share in a Company
 - a) that is a constituent of BSE-500 Index of Mumbai Stock Exchange as on 1.3.2003 and is traded in a recognized stock exchange in India.
 - b) allotted through a public issue on or after 1.3.2003 and listed in a recognized stock exchange in India before 1.3.2004 and its sale is entered into on a recognized stock exchange in India.
- iii) Capital Gains of a political party subject to provisions of Section 13A of the I.T Act, 1961.
- iv) In the case of an individual or HUF, capital gains arising from the transfer of agricultural land, where such land is situated in any area falling within the jurisdiction of a municipality or a cantonment board having population of at least 10,000 or in any area within such distance, not being more than 8 kms, from the local limits of any municipality or cantonment board. Such land should have been used for agricultural purposes during the period of two years immediately preceding the date of transfer. Further, such transfer should be by way of compulsory

acquisition under any law and the said capital gains should have arisen from the compensation received on or after 1st April, 2004.

- v) Capital gains arising from the transfer of a long term capital asset, being an equity share in a company or unit in an equity oriented fund where such a transaction is chargeable to securities transaction tax and takes place on or after 1st October, 2004.

Transfer

Transfer includes:

i) Sale, exchange or relinquishment of a capital asset

A sale takes place when title in the property is transferred **for a** price. The sale need not be voluntary. An involuntary sale of a property of a debtor by a court at the instance of a decree holder is also transfer of a capital asset.

An exchange of capital asset takes place when the title in one property is passed in consideration of the title in another property.

Relinquishment of a capital asset arises when the owner surrenders his rights in property in favour of another person. For example, the transfer of rights to subscribe the shares in a company under a 'Rights Issue' to a third person.

ii) Extinguishment of any rights in a capital asset

This covers every possible transaction which results in destruction, annihilation, extinction, termination, cessation or cancellation of all or any bundle of rights in a capital asset. For example, termination of a lease or of a mortgagee interest in a property.

iii) Compulsory acquisition of a capital asset under any law

Acquisition of immovable properties under the Land Acquisition Act, acquisition of industrial undertaking under the Industries (Development and Regulation) Act etc., are some of the examples of compulsory acquisition of a capital asset. It may be noted that where the amount of compensation received on account of compulsory acquisition is enhanced or further enhanced by the Court, it shall be deemed to be income chargeable in the previous year in which such amount is received by the assessee. Further if compensation is received in pursuance of an interim order of court or tribunal or other authority, it shall be deemed to be income chargeable under capital gain in the previous year in which the final order of such court is passed.

iv) Conversion of a capital asset into stock-in-trade

Normally, there can be no transfer if the ownership in an asset remains with the same person. However, the Income tax Act provides an exception for the purpose of capital gains. When a person converts any capital asset owned by him into stock-in-trade of a business carried on by him, it is regarded as a transfer. For example, where an investor in shares starts a business of dealing in shares and treats his existing investments as the stock-in-trade of the new business, such conversion arises and is regarded as a transfer. The Fair Market Value of the asset on the date of such conversion shall be the Full Value of Consideration for the transfer.

v) Part performance of a contract of sale

Normally transfer of an immovable property worth Rs. 100/- or more is not complete without execution and registration of a conveyance deed. However, section 53A of the Transfer of Property Act envisages situations where under a contract for transfer of an immovable property, the purchaser has paid the price and has taken possession of the property, but the conveyance is either not executed or if executed is not registered. In such cases the transferer is debarred from agitating his title to the property against the purchaser.

The act of giving possession of an immovable property in part performance of a contract is treated as 'transfer' for the purposes of capital gains. This extended meaning of transfer applies also to cases where possession is already with the purchaser and he is allowed to retain it in part performance of the contract.

vi) Transfer of rights in immovable properties through the medium of co-operative societies, companies etc.

Usually flats in multi-storeyed building and other dwelling units in group housing schemes are registered in the name of a co-operative society formed by the individual allottees.

Sometimes companies are floated for this purpose and allottees take shares in such companies. In such cases transfer of right to use and enjoy the flat is effected by changing the membership of co-operative society or by transferring the shares in the company. Possession and enjoyment of immovable property is also made by what is commonly known as 'Power of Attorney' transfers.

All these transactions are regarded as transfer.

vii) Transfer by a person to a firm or other Association of Persons [AOP] or Body of Individuals [BOI]

Normally, firm/AOP/BOI is not considered a distinct legal entity from its partners or members and so transfer of a capital asset from the partners to the firm/AOP/BOI is not considered 'Transfer'. However, under the Capital Gains, it is specifically provided that if any capital asset is transferred by a partner to a firm/AOP/BOI by way of capital contribution or otherwise, the same would be construed as transfer.

viii) Distribution of capital assets on Dissolution

Normally, distribution of capital assets on dissolution of a firm/AOP/BOI is also not considered as transfer for the same reasons as mentioned in (vii) above. However, under the capital

gains, this is considered as transfer by the firm /AOP/BOI and therefore gives rise to capital gains for the firm/AOP/BOI.

ix) Distribution of money or other assets by the Company on liquidation

If a shareholder receives any money or other assets from a Company in liquidation, the shareholder is liable to pay capital gains as the same would have been received in lieu of the shares held by him in the company. However, if the assets of a company are distributed to the shareholders on its liquidation such distribution shall not be regarded as transfer by the company.

x) The maturity or redemption of a zero coupon bond

Here, a zero coupon bond means a bond issued by any infrastructure capital company or infrastructure firm or public sector company on or after 1st June, 2005 in respect of which no payment or benefit is received or receivable before maturity or redemption and which has been specifically notified by the Central Govt.

Transactions not regarded as Transfer

The following, though may fall under the above definition of transfer are to be treated as not transfer for the purpose of computing Capital Gains:

- i) distribution of capital assets on the total or partial partition of a Hindu Undivided Family;
- ii) transfer of a capital asset under a gift or will or an irrevocable trust except transfer under a gift or an irrevocable trust, of shares, debentures or warrants allotted by a company to its employees under 'Employees' Stock Option Plan or Scheme;
- iii) transfer of a capital asset by a company to its subsidiary company, if:
 - a) the parent company or its nominees hold the whole of the share capital of the subsidiary company,
 - b) the subsidiary company is an Indian Company,

- c) the capital asset is not transferred as stock-in-trade, and such an exemption exists if:
 - i) the subsidiary company does not convert such capital asset into stock-in-trade for a period of 8 years from the date of transfer and
 - ii) the parent company or its nominees continue to hold the whole of the share capital of the subsidiary company for 8 years from the date of transfer.
- iv) transfer of a capital asset by a subsidiary company to the holding company, if:
 - a. the whole of the share capital of the subsidiary company is held by the holding company,
 - b. the holding company is an Indian Company,
 - c. the capital asset is not transferred as stock-in-trade, and such an exemption exists if:
 - i. the holding company does not convert such capital asset into stock-in-trade for a period of 8 years from the date of transfer and
 - ii. the holding company or its nominees continue or hold the whole of the share capital of the subsidiary company for 8 years from the date of transfer.
- v) in a scheme of amalgamation, transfer of a capital asset by the amalgamating company to the amalgamated company if the amalgamated company is an Indian company;
- vi) transfer of shares of an Amalgamating Company, if:
 - a. the transfer is made in consideration of the allotment of share or shares in the Amalgamated Company, and
 - b. the Amalgamated Company is an Indian Company.

- vii) transfer of shares of an Indian Company, by an amalgamating foreign company to the amalgamated foreign company, if:
 - a. at least twenty-five per cent of the shareholders of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company and
 - b. such transfer does not attract tax on capital gains in the country in which the amalgamating company is incorporated.
- viii) in a demerger:
 - a) transfer of a capital asset by the demerged company to the resulting company, if the resulting company is an Indian Company;
 - b) transfer of share or shares held in an Indian Company by the demerged foreign company to the resulting foreign company, if:
 - i) the share holders holding not less than three fourths in value of the shares of the demerged foreign company continue to remain share holders of the resulting foreign company; and
 - ii) such transfer does not attract tax on Capital Gains in the country, in which the demerged foreign company is incorporated.
 - c) transfer or issue of shares, in consideration of demerger of the undertaking, by the resulting company to the share holders of the demerged company.
- ix) transfer of bonds or Global Depository Receipts, purchased in foreign currency by a non-resident to another non-resident outside India.
- x) transfer of agricultural land in India effected before first of March, 1970.

- xi) transfer of any work of art, archaeological, scientific or art collection, book, manuscript, drawing, painting, photograph or print, to the Government or a University or the National Museum, National Art Gallery, National Archives or any such other public museum or institution notified by the Central Government in the Official Gazette to be of national importance or to be of renown throughout any State or States.
- xii) transfer by way of conversion of bonds or debentures, debenture stock or deposit certificate in any form, of a company into shares or debentures of that company.
- xiii) transfer of membership of a recognised stock exchange made by a person (other than a company) on or before 31.12.1998, to a company in exchange of shares allotted by that company. However, if the shares of the company are transferred within 3 years of their acquisition, the gains not charged to tax by treating their acquisition as not transfer would be taxed as capital gains in the year of transfer of the shares.
- xiv) transfer of land of a sick industrial company, made under a scheme prepared and sanctioned under section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) where such sick industrial company is being managed by its workers' co-operative and such transfer is made' during the period commencing from the previous year in which the said company has become a sick industrial company under section 17(1) of that Act and ending with the previous year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses.
- xv) Transfer of a capital asset to a company in the course of demutualisation or corporatisation of a recognised stock exchange in India as a result of which an Association of Persons (AOP) or Body of Individuals (BOI) is succeeded by such company, if:

- a. all the liabilities of the AOP or BOI relating to the business immediately before the succession become the assets and liabilities of the company.
- b. demutualisation or corporatisation is carried out in accordance with a scheme which is approved by Securities and Exchanges Board of India(SEBI).
- xvi) transfer of a membership right held by a member of a recognized stock exchange in India for acquiring shares and trading or clearing rights in that stock exchange in accordance with a scheme for demutualisation or corporatisation approved by SEBI.
- xvii) Where a firm is succeeded by a company in the business carried on by it as a result of which the firm sells or otherwise transfers any capital asset or intangible asset to the company, if
 - a) all the assets and liabilities of the firm relating to the business immediately before the succession become the assets and liabilities of the company,
 - b) all the partners of the firm immediately before the succession become the shareholders of the company in the same proportion in which their capital accounts stood in the books of the Firm on the date of succession,
 - c) the partners of the firm do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the Company and
 - d) the aggregate of the shareholding in the company of the partners of the firm is not less than fifty percent of the total voting power in the company and their shareholding continues to be as such for a period of five years from the date of the succession.

If the conditions laid down above are not complied

with, then the amount of profits or gains arising from the above transfer would be deemed to be the profits and gains of the successor company for the previous year during which the above conditions are not complied with.

xviii) Where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which the sole proprietary concern sells or otherwise transfers any capital asset or intangible asset to the company, if:

- a) all the assets and liabilities of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company,
- b) the shareholding of the sole proprietor in the company is not less than fifty percent of the total voting power in the company and his shareholding continues to so remain as such for a period of five years from the date of the succession and
- c) the sole proprietor does not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company

If the conditions laid down above are not complied with, then the amount of profits or gains arising from the above transfer would be deemed to be the profits and gains of the successor company for the previous year during which the above conditions are not complied with.

xix) transfer in a scheme of lending of any securities under an arrangement subject to the guidelines of Securities and Exchange Board of India (SEBI) or Reserve Bank of India (RBI).

xx) Any transfer, in the scheme of amalgamation of a banking company with a banking institution sanctioned and brought into force by the Central Govt. under the Banking Regulation Act, 1949, of a capital asset by the Banking Company to the Banking Institution.

xxi) Any transfer in a business reorganization, of a capital asset by the predecessor, cooperative bank to the successor cooperative bank.

xxii) Any transfer by a share holder in a business reorganization, of a capital asset being a share or share(s) held by him in the predecessor cooperative bank if the transfer is made in consideration of the allotment to him of any share or share(s) in the successor cooperative bank.

xxiii) Any transfer by way of conversion of bonds or Global Depository Receipts purchased in foreign currency into shares or debentures of any company.

xxiv) Any transfer of a capital asset in a transaction of reverse mortgage under a scheme made & notified by the Central Government.

xxv) Any transfer of a capital asset or intangible asset by a private company or unlisted public company (hereafter in this clause referred to as the company) to a limited liability partnership or any transfer of a share or shares held in the company by a shareholder as a result of conversion of the company into a limited liability partnership in accordance with the provisions of Section 56 or Section 57 of the Limited Liability Partnership Act, 2008 (6 of 2009).

xxvi) Any transfer of a capital asset being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non resident of another non resident.

xxvii) Any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor.

Profits or Gains

The incidence of tax on Capital Gains depends upon the length for which the capital asset transferred was held before the transfer. Ordinarily a capital asset held for 36 months or less is called a 'short-term capital asset' and the capital asset held for more than 36 months is called 'long-term capital asset'. However, shares of a Company, the units of Unit Trust of India or any specified Mutual Fund or any security listed in any recognised Stock Exchange are to be considered as short term capital assets if held for twelve months or less and long term capital assets if held for more than twelve months.

The Finance Act 2014 has laid down that in respect of an unlisted security and unit of a mutual fund (other than an equity oriented fund) shall be a short term capital asset if it is held for less than 36 months. However, if above transfer is made during period from 01.04.2014 to 10.07.2014, the period of holding of 12 months is sufficient to classify it as a long term asset.

Transfer of a short term capital asset gives rise to 'Short Term Capital Gains' (STCG) and transfer of a long term capital asset gives rise to 'Long Term Capital Gains' (LTCG). Identifying gains as STCG and LTCG is a very important step in computing the income under the head Capital Gains as method of computation of gains and tax payable on the gains and treatment of losses is different for STCG and LTCG.

Short Term Capital Gains (STCG)

Short Term Capital Gains is computed as below:

$$\text{STCG} = \text{Full value of consideration} - (\text{Cost of acquisition} + \text{cost of improvement} + \text{cost of transfer})$$

The STCG as arrived above, is taken as income under the head Capital Gains and the total income and tax liability is worked out as given in the Chapter - I. If it is a loss, it is treated as explained in Chapter - V.

Long Term Capital Gains (LTCG)

Long Term Capital Gains is computed as below:

$$\text{LTCG} = \text{Full value of consideration received or accruing} - (\text{indexed cost of acquisition} + \text{indexed cost of improvement} + \text{cost of transfer})$$

Where, Indexed cost of acquisition =

$$\text{Cost of acquisition} \times \frac{\text{CII of year of transfer}}{\text{CII of year of acquisition}}$$

Indexed cost of improvement =

$$\text{Cost of improvement} \times \frac{\text{CII of year of transfer}}{\text{CII of year of improvement}}$$

CII = Cost Inflation Index (Please see **Annexure 'B'**)

The LTCG computed as above is taken as income under the head Capital Gains for the purposes of determining the total income in the manner described in Chapter I, subject to the following:

- Deduction under Chapter VIA should not be given from LTCG.
- Tax liability on LTCG to be taken at 20%.
- If total income other than LTCG is less than zero slab, LTCG over the zero slab only attracts tax at 20%.

If LTCG as calculated above is a loss, it is treated as explained in Chapter - V.

The following example illustrates the difference between STCG and LTCG.

'X' a resident individual sells a residential house on 12.4.09 for Rs. 25,00,000/-. The house was purchased by him on 5.7.2007 for Rs. 5,00,000/- and he had spent Rs.1,00,000/-on improvement during May 2005. During the previous year 2010-2011 his income under all other heads (other than capital gains) was NIL

Since 'X' has held the capital asset for less than 36 months, (5.7.2006 to 12.4.2009) it is a short term capital asset for him and its transfer gives rise to short term capital gains.

STCG on sale of house	=	25,00,000 - 5,00,000 - 1,00,000
	=	19,00,000
Income under "Capital Gains"	=	19,00,000
Income under the heads other than Capital Gains	=	Nil
Income under "Capital Gains"	=	19,00,000
Gross Total Income	=	19,00,000
Total Income	=	19,00,000
Tax on total income	=	4,24,000

In case 'X' sells the same house on 12.3.2011 for the same consideration, the residential house becomes a long term capital asset as the period of holding would be more than 36 months (5.7.2007 to 12.3.2011) and its transfer gives rise to long term capital gains.

Sale consideration	=	25,00,000
Indexed cost of acquisition:		
5,00,000 x 551/480	=	5,73,958

Indexed cost of improvement:		
1,00,000 x 551/497	=	1,10,865
6,84,823		
Income under the head "Capital Gains"	=	18,15,177
Income under the head other than capital gains	=	Nil
Income under "Capital Gains"	=	18,15,177
Gross total income	=	18,15,177
TOTAL INCOME (rounded off)	=	18,15,180
Tax thereon:		
Tax on income other than LTCG	=	Nil
Tax on LTCG @ 20% of (18,15,180-1,10,000)	=	3,43,036
*minimum slab for that assessment year		
Total tax payable	=	3,43,036

For more examples of Computation please see Annexure 'C'.

Full Value of Consideration

This is the amount for which a capital asset is **transferred**. It may be in money or money's worth or a combination of both.

Where the transfer is by way of exchange of one asset for another, Fair Market Value of the asset received is the Full Value of Consideration. Where the consideration for the transfer is partly in cash and partly in kind, Fair Market Value of the kind portion and cash consideration together constitute Full Value of Consideration.

Where the capital asset transferred is land or buildings or both, if the full value of consideration received or accruing

is less than the value adopted or assessed by Stamp Valuation Authority the value adopted by such authority would be taken as the full value of consideration.

If an assessee does not dispute such valuation by the Stamp Valuation Authority, but claims before the assessing officer that it is more than Fair Market Value, assessing officer may refer the case to the valuation officer. If the Fair Market Value (FMV) given by the valuation officer is less than the value for stamp duty purpose, the FMV would be taken as the full value of consideration. If FMV is more than the value for stamp duty purpose, the value for stamp duty purpose would be taken as the full value of consideration.

Where shares, debentures or warrants allotted by a company to its employees under Employees' Stock Option Plan or Scheme are transferred under a gift or an irrevocable trust, the market value on the date of transfer would be the full value of consideration.

The Finance Act 2013 has laid down that where the consideration received or accruing as a result of transfer, is not ascertainable or can not be determined, then the fair market value of the said asset on the date of transfer shall be deemed to be the full value of the consideration.

Cost of Acquisition

Cost of acquisition of an asset is the sum total of amount spent for acquiring the asset.

Where the asset was purchased, the cost of acquisition is the price paid. Where the asset was acquired by way of exchange for another asset, the cost of acquisition is the Fair Market Value of that other asset as on the date of exchange.

Any expenditure incurred in connection with such purchase, exchange or other transaction eg. brokerage paid, registration charges and legal expenses etc., also forms part of cost of acquisition.

If advance is received against agreement to transfer a particular asset and it is retained by the tax payer or forfeited for other party's failure to complete the transaction, such advance is to be deducted from the cost of acquisition.

Cost of Acquisition with Reference to Certain Modes of Acquisition

1. Where the capital asset became the property of the assessee:
 - a) on any distribution of assets on the total or partial partition of a Hindu undivided family;
 - b) under a gift or will;
 - c) by succession, inheritance or devolution;
 - d) on any distribution of assets on the dissolution of a firm, body of individuals, or other association of persons, where such dissolution had taken place at any time before 01.04.1987;
 - e) on any distribution of assets on the liquidation of a company;
 - f) under a transfer to a revocable or an irrevocable trust;
 - g) by transfer from its holding company or subsidiary company;
 - h) by transfer in a scheme of amalgamation;
 - i) by an individual member of a Hindu Undivided Family giving his separate property to the assessee HUF anytime after 31.12.1969,

The cost of acquisition of the asset shall be the cost for which the previous owner of the property acquired it, as increased by the cost of any improvement of the asset incurred or borne by the previous owner or the assessee, as

the case may be, till the date of acquisition of the asset by the assessee.

If the previous owner had also acquired the capital asset by any of the modes above, then the cost to that previous owner who had acquired it by mode of acquisition other than the above, should be taken as cost of acquisition.

2. Where shares in an amalgamated Indian company became the property of the assessee in a scheme of amalgamation the cost of acquisition of the shares of the amalgamated company shall be the cost of acquisition of the shares in the amalgamating company.
3. Where a share or debenture in a company, became the property of the assessee on conversion of bonds or debentures the cost of acquisition of the asset shall be the part of the cost of debenture, debenture stock or deposit certificates in relation to which such asset is acquired by the assessee.
4. Where shares, debentures or warrants are acquired by the assessee under Employee Stock Option Plan or Scheme and they are taken as perquisites u/s 17(2) the Cost of Acquisition would be the valuation done u/s 17(2).
5. Cost of Acquisition of shares in the Resulting Company, in a demerger.

$$= \frac{\text{Net book value of the assets transferred in a demerger}}{\text{Net worth of the demerged company immediately before demerger}} \times \text{Cost of acquisition of shares in demerged company}$$

The cost of acquisition of the original shares held by the share holder in the demerged company will be reduced by the above amount.

6. Where Capital Gains is not levied on a transfer of capital asset between a Subsidiary Company and a Holding Company or vice-versa but the conditions laid down are violated subsequently and Capital Gains is to be levied, the cost of acquisition to the transferee company would be the cost for which such asset was acquired by it.
7. Where the capital asset is goodwill of a business or a Trade Mark or Brand Name associated with a business, right to manufacture, produce or process any article or thing, right to carry on any business, tenancy rights, stage carriage permits or loom hours, the cost of acquisition is the purchase price paid by the assessee and in case no such purchase price is paid it is nil.
8. Where the cost for which the previous owner acquired the property cannot be ascertained, the cost of acquisition to the previous owner means the Fair Market Value on the date on which the capital asset became the property of the previous owner.
9. Where the capital asset became the property of the assessee on the distribution of the capital assets of a company on its liquidation cost of acquisition of such asset is the Fair Market Value of the asset on the date of distribution.
10. Where share or a stock of a company became the property of the assessee on:
 - a) the consolidation and division of all or any of the share capital of the company into shares of larger amount than its existing shares;
 - b) the conversion of any shares of the company into stock;
 - c) the re-conversion of any stock of the company into shares;
 - d) the sub-division of any of the shares of the company into shares of smaller amount; or

- e) the conversion of one kind of shares of the company into another kind.

Cost of acquisition of the share or stock is as calculated from the cost of acquisition of the shares or stock from which it is derived.

11. The cost of acquisition of rights shares is the amount which is paid by the subscriber to get them. In case a subscriber purchases the right shares on renunciation by an existing share holder, the cost of acquisition would include the amount paid by him to the person who has renounced the rights in his favour and also the amount which he pays to the company for subscribing to the shares. The person who has renounced the rights is liable for capital gains on the rights renounced by him and the cost of acquisition of such rights renounced is nil.
12. The cost of acquisition of bonus shares is nil.
13. Where equity share(s) are allotted to a share holder of a recognised stock exchange in India under a scheme of demutualisation or corporatisation approved by SEBI, the cost of acquisition of the original membership of the exchange is the cost of acquisition of the equity share(s). The cost of acquisition of trading or clearing rights acquired under such scheme of demutualisation or corporatisation is nil.
14. Where any other capital asset has become the property of the assessee before 1st day of April, 1981, the cost of acquisition of the asset to the assessee or the previous owner (depending upon the mode of acquisition) or the fair market value of the asset on 1.4.1981, at the option of the assessee would be its cost of acquisition.
15. Where the capital gain arises from the transfer of specified security or sweat equity shares, the cost of acquisition of such security or shares shall be the fair market value which has been taken into account while computing the value of the respective fringe benefit.

16. Where the capital asset, being a share or debenture of a company, became the property of the assessee in consideration of transfer of bonds or debentures or Global Depository Receipts purchased in foreign currency, the cost of acquisition shall be deemed to be that part of the cost of debentures or bond or deposit certificate in relation to which such asset is acquired by the assessee.
17. Where the capital asset being a unit of a business trust become the property of the assessee in consideration of a transfer as referred to in clause (xvii) of Section 47 (Please refer page 15-para xxvii of the Booklet), the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the share referred to in the said clause.
18. It may be noted that where any sum of money received as an advance or other wise in the course of negotiations for transfer of a capital asset has been included in the total income of the assessee for any previous year under income from other sources, then such sum shall not be deducted from the cost for which the asset was acquired or the written down value or the fair market value as the case may be in computing the cost of acquisition.

Cost of Improvement

The cost of improvement means all expenditure of a capital nature incurred in making additions or alterations to the capital asset. However, any expenditure which is deductible in computing the income under the heads Income from House Property, Profits and Gains from Business or Profession or Income from Other Sources (Interest on Securities) would not be taken as cost of improvement.

Cost of improvement for Goodwill of a business, right to manufacture, produce or process any article or thing or right to carry on any business is NIL.

Cost of Transfer

This may include brokerage paid for arranging the deal, legal expenses incurred for preparing conveyance and other documents, cost of inserting advertisements in newspapers for sale of the asset and commission paid to auctioneer, etc. However, it is necessary that the expenditure should have been incurred wholly and exclusively in connection with the transfer. An expenditure incurred primarily for some other purpose but which has helped in effecting the transfer does not qualify for deduction.

Besides an expenditure which is eligible for deduction in computing income under any other head of income, cannot be claimed as deduction in computing capital gains. For example, salary of an employee of a business cannot be deducted in computing capital gains though the employee may have helped in facilitating transfer of the capital asset.

It may be mentioned here that no deduction on account of payment of securities transaction tax on purchase/sale of securities is allowable.

Period of Holding

Normally the period is counted from the date of acquisition to the date of transfer. However, it has the following exceptions.

- i) in the case of a share held in a company on liquidation the period subsequent to the date on which the company goes into liquidation would not be considered.
- ii) where the cost of acquisition is to be taken as the cost to the previous owner, the period of holding by the previous owner should also be considered.

- iii) where the capital asset is the shares of an amalgamated company acquired in lieu of the shares of the amalgamating company, the period of holding of the shares of the amalgamating company should also be considered.
- iv) where the capital asset is the right to subscribe to a rights offer and it is renounced, the date of offer of the rights should be taken as the date of acquisition.
- v) where the capital asset is "rights" or "bonus" shares or securities the period should be reckoned from the date of allotment of the shares or securities.
- vi) where the capital asset is share(s) in an Indian company which has become the property of the assessee in consideration of a demerger, the period for which the share(s) of the demerged company were held should also be considered.
- vii) where the capital asset is the trading or clearing rights or share(s) in a company allotted pursuant to demutualisation or corporatisation of a recognized stock exchange, the period for which the person was member of the recognized stock exchange in India immediately prior to such demutualisation or corporatisation shall also be included as period of holding of such trading or clearing rights or share(s).

Deduction of TDS at the time of Transfer

The Finance Act 2013 has laid down that w.e.f. 1.06.2013, any person being a transferee of an immovable property, for paying to a resident transferor any sum by way of consideration (Consideration must be not less than RS. 50 Lakh), shall at the time of credit of such sum to the account of the transferor, deduct 1% of such sum as income tax thereon.

CHAPTER - III

Deductions From Long Term Capital Gains

Apart from the differences in mode of computation and tax liability; the LTCG is eligible for certain deductions. These deductions are available in the following circumstances:

- a) The LTCG is arising due to sale of a residential unit and investment is made in a new residential unit;
- b) The LTCG is arising due to sale of an agricultural land and investment is made in a new agricultural land;
- c) LTCG is arising on compulsory acquisition of lands and buildings of an industrial undertaking and investment is made for purchase of land or building to shift or re-establish the industrial undertaking;
- d) LTCG is arising from transfer of machinery or plant or building or land of an industrial undertaking situated in an urban area and an investment is made on machinery or plant or building or land for the purpose of shifting the industrial undertaking to any area other than urban area;
- e) LTCG is arising on sale of asset other than a residential unit and investment is made in a residential unit;
- f) Investment in financial assets;
- g) Investment in equity shares.

a) **Transfer of a residential house and investment in residential house**

If an individual or HUF having LTCG from transfer of a residential house makes investment to purchase or construct a residential house, the amount invested in the new residential house is allowed as a deduction from the LTCG. The new residential house can be constructed within 3 years from the date of transfer or can be purchased one year before or two years after the date of transfer.

To claim this deduction, the assessee, after taking into consideration the amount that he has already invested for construction or purchase of the new residential house upto the due date of filing of return of income in his case, should deposit the remaining amount which he intends to use for purchasing or constructing the new residential house in a Capital Gains Deposit Account on or before the due date for filing of the return and enclose proof of investment in construction or purchase and proof of making deposit into the capital gains deposit account along with the return of income. Based on this he would be allowed the deduction from the LTCG for that assessment year.

The amount which is deposited in the Capital Gains Deposit Account has to be utilised by him for the purpose of purchase/ construction of the new residential house within two/ three years from the date of transfer, respectively. In case he fails to utilise this amount either wholly or partly for the above purpose within this period the amount remaining unutilised would be taxed as Capital Gains in the year in which the above mentioned period of three years is over.

The cost of the new residential unit purchased/ constructed would be reduced by the deduction allowed from LTCG for a period of 3 years from its date of purchase/ construction.

To illustrate, let us continue with the example in Chapter II. In the case of LTCG the assessee has an option to purchase

house either one year prior or two years after 12.3.2011 or construct a house within 3 years from 12.3.2011.

Considering 31st July 2011 as the due date for filing of return in his case, and that he has invested in construction of a new house Rs. 3,15,177 up to that date, to claim deduction for entire LTCG, he should deposit Rs. 15,00,000/- (Rs. 18,15,777 - Rs. 3,15,177) in a Capital Gains Deposit Account on or before 31st July, 2011. If, out of this amount, he utilises only Rs. 12,00,000/- for constructing the house by 12.3.2014, Rs. 3,00,000/- (15 lakhs - 12 lakhs) would be taxed as Capital Gains for the assessment year 2015-16.

The cost of acquisition of the new house would be treated as nil till 3 years from the date of its completion.

The Finance Act 2014 has provided that w.e.f AY 2015-16 the exemption will be available if the investment is made in one residential house situated in India.

b) Transfer of Agricultural lands

If LTCG is arising from transfer of land which is being used by the assessee or his parent for agricultural purposes for at least 2 years prior to the date of transfer, then, the assessee can invest in purchasing any other land for being used for the purpose of agriculture within 2 years from the date of transfer of the original agricultural land and the amount invested by him for purchase of a new agricultural land would be allowed as a deduction from the LTCG.

All the conditions and details applicable to sale of residential unit and Investment in residential unit are applicable in this case also with suitable modifications for the relevant dates or periods.

c) Compulsory Acquisition of Land and Buildings of Industrial Undertakings

This deduction is available to all categories of tax payers. The conditions for claiming this deduction are as under:

- i) the asset transferred is land or building or any right in land or building which formed part of an industrial undertaking belonging to the tax payer.
- ii) asset in question is transferred by way of compulsory acquisition under any law.
- iii) the asset in question was used for the purpose of business of such undertaking at least for two years immediately before the date of compulsory acquisition.

The deduction is available if within 3 years of the date of compulsory acquisition, the taxpayer, for the purposes of shifting or re-establishing the old industrial undertaking or setting up a new industrial undertaking;

- (a) purchases any other land, building or any right in any other land or building, or
- (b) constructs any other building.

Deduction from the LTCG is given to the extent of above investment.

If the new asset is not acquired by the due date for furnishing the return of income for the relevant assessment year the unutilised amount of capital gains must be deposited in a Capital Gains Deposit Account. In case the deposited amount is not utilized fully or partially for the above purpose within three years from the date of compulsory acquisition, the unutilized portion would be taxed as Capital Gains in the previous year in which the period of three years expires.

The cost of acquisition of the new asset would be reduced by the deduction allowed from LTCG if transferred within a period of 3 years from its date of acquisition.

d) Transfer of fixed assets of an industrial undertaking effected to shift it from urban area

The deduction is available to all categories of tax payers. The conditions for claiming the deduction are as under:

- (i) the transfer is effected in the course of or in consequence of shifting the undertaking from an urban area to any area other than an urban area;
- (ii) asset transferred is machinery, plant, building, land or any right in building or land used for the business of industrial undertaking in an urban area;
- (iii) the capital gain is utilised within one year before or 3 years after the date of transfer (a) for purchasing new machinery or plant or building or land for tax payer's business in that new area; or (b) shifting of the old undertaking and its establishment to the new area; or (c) incurring of expenditure on such other purposes as specified in the scheme notified for the purpose.

Deduction from LTCG is given to the extent of the outlay for aforesaid asset and activities.

The unutilised amount of capital gain as on the date on which return of income for the relevant Assessment Year is due must be deposited in a Capital Gains Deposit account. In case the deposited amount is not utilized fully or partially for the above purposes within three years from the date of transfer of original asset, the unutilized portion would be taxed as Capital Gains in the previous year in which the period of three years expires.

The cost of acquisition of the new asset would be reduced by the deduction allowed from LTCG within a period of 3 years from its date of acquisition.

e) Investment into a residential house

If an individual or a HUF having LTCG arising out of sale of capital asset other than a residential house invests in the purchase or construction of a residential house, then, he/it is eligible for a deduction of

$$\frac{\text{Amount invested}}{\text{net consideration}} \times \text{LTCG}$$

where net consideration = full value of consideration - cost of transfer.

The time available for investment and the method to be followed for investment after the due date for filing of return of income are the same as mentioned in the scheme in (a) above.

In this case, however, cost of the new asset is not changed. But the assessee should not own more than one residential house other than the residential house in which he has invested as on the date of transfer and also, he should not purchase / construct any other residential house for a period of 1/3 years, respectively, from the date of transfer. In case he owns more than one residential house as on the date of transfer he is not eligible for this deduction. In case he purchases/constructs a house within 2/3 years from the date of transfer after getting this deduction, the amount allowed as deduction would be taxed as capital gains in the year of such purchase/construction.

If the new asset is transferred within 3 years of its purchase or construction the deduction given earlier from LTCG would be charged as LTCG in the year of such transfer.

The Finance Act 2014 has provided that w.e.f. AY 2015-16 the exemption will be available if the investment is made in one residential house situated in India.

f) Investment in financial assets

If an assessee having LTCG invests in any of the following the amount invested is eligible for deduction up to a maximum of the LTCG.

- a) bonds redeemable after three years issued on or after 1.4.2000 by National Bank for Agricultural and Rural Development (NABARD) or by National Highway Authority of India (NHAI).
- b) bonds redeemable after three years issued on or after 1.4.2001 by Rural Electrification Corporation Limited (RECL).
- c) bonds redeemable after 3 years issued on or after 1.4.2002 by National Housing Bank or Small Industries Development Bank of India.

The investment is to be made within six months from the date of transfer of the original capital asset. The bonds should not be transferred or converted into money for a period of three years from the date of acquisition. In case the bonds are transferred within 3 years from the date of their acquisition, the deduction allowed for investment earlier would be taxed in the year of such transfer as capital gains. For this purpose it would be considered as transfer even if the assessee takes any loan or advance on the security of the specified securities. For the investment in the bonds rebate u/s 88, deduction u/s 80C will not be available.

The Finance Act, 2008 has laid a ceiling of Rs. 50 lakhs on the maximum investment that can be made under this section w.e.f. 1.4.2008.

The Finance Act, 2014 has laid down that w.e.f. 2015-16, the investment made by an assessee in the long term specified asset out of capital gains arising from transfer of one of more original asset during the financial year in which the original

asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.

g) Investment in equity shares

If an assessee has LTCG from transfer of listed securities (securities as defined in Securities Contracts (Regulation) Act and listed in any recognized Stock Exchange in India) or units of a mutual fund specified under Sec. 10(23D) or Unit Trust of India and invests in acquiring equity shares satisfying the following conditions, the amount invested is eligible for deduction up to a maximum of the LTCG.

- a) the issue is made by a public company formed and registered in India.
- b) the shares forming part of the issue are offered for subscription to the public.

The investment has to be made within six months from the date of the transfer of the listed security or unit.

The equity shares should not be sold or otherwise transferred within a period of one year from the date of their acquisition. In case they are transferred within one year the deduction allowed in investment would be taxed in the year of such transfer as LTCG.

For the investment in the equity shares rebate u/s 88, deduction u/s 80C will not be available.

It may be noted that no such deduction shall be available from assessment year 2007-08 onwards.

CHAPTER - IV

Computing Capital Gains in Exceptional Cases

In the preceding chapter, the general rules of computing taxable capital gains were considered. There are, however, certain situations requiring special treatment. Rules dealing with such situations are considered in this Chapter.

Transfer of equity shares/units of an equity oriented fund

In the case of short term capital gains arising from transfer of equity shares in a company or units of an equity oriented fund, the tax payable by the assessee shall be @10% on such short term capital gains provided that such a transaction is chargeable to securities transactions tax. As per the Finance Act 2008, this rate would be 15% w.e.f 1-4-2009. Notably, no deduction is available u/s 80C to 80U from above short term capital gains. In case of LTCG on transfer of equity shares or units of equity oriented mutual funds, provided the transaction has been subject to securities transaction tax, the LTCG is not chargeable to tax at all.

If the transaction has not been subjected to securities transaction tax, the LTCG will be taxed @ 10% if no indexing is claimed and @ 20% if cost of acquisition is indexed. The taxpayer has an option to choose from either of the above.

In case the shares / securities are transferred in 'demat' form, for computing capital gain chargeable to tax, the cost of

acquisition and period of holding of any security shall be determined on First in - First - out or FIFO basis.

Insurance received

If any person receives any money or other assets under an insurance from an insurer on account of damage to or destruction of any capital asset as a result of

- i) flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature or
- ii) riot or civil disturbance or
- iii) accidental fire or explosion or
- iv) action by an enemy or action taken in combating an enemy (whether with or without a declaration of war)

then, the value of money and/ or the fair market value of assets received would be treated as full value of consideration and income under Capital Gains is calculated accordingly, for the previous year in which such money and/ or other asset was received.

Conversion of a Capital Asset into Stock-in-trade

Conversion of a Capital Asset into Stock-in-trade is considered a transfer and leads to capital gains. In such cases, the fair market value of the asset on the date of such conversion is to be taken as the full value of consideration arising out of the transfer.

Transfer of Capital assets by a partner to a firm or by a member to Association of Persons, etc.

Though under the general law, firm does not have a distinct legal identity apart from its partners, under the Income-tax Act, transfer of a capital asset by the partner to a firm or by a Member of Association of Persons to the Association of Persons (AOP) by way of capital contribution or otherwise is chargeable to tax as capital gains of the previous year in which such transfer takes place. The amount recorded as the value of the capital asset in the books of

account of the firm, AOP or Body of Individuals (BOI) will be deemed to be the full value of the consideration.

Similar is the position when a capital asset is transferred to the partner or member by way of distribution of capital asset on the dissolution of a firm or an AOP or BOI or otherwise. The fair market value of the asset on the date of such transfer is treated as the full value of consideration.

Transfer of Shares or Debentures of an Indian Company by Non-Residents

In cases where shares or debentures of Indian Companies are purchased by Non-residents in foreign currency, the entire computation of capital gains is done by converting the relevant figures of full value of consideration, cost of acquisition etc. into the same foreign currency. The capital gains is also determined in that foreign currency. The capital gains thus determined in the foreign currency is then converted into Indian rupees for the purpose of determining the capital gains liability. In computing the Capital Gains, even if it is LTCG, no indexation will be given for cost of acquisition or cost of improvement.

Compulsory Acquisition of Assets under any Law

Transfer includes compulsory acquisition of a property under any Law. In such cases, settlement of the amount of compensation usually takes a long time. The compensation is initially fixed by the Land Acquisition Officer and is subject to appeal and re-determination by courts.

The compensation amount may vary as the case progresses from one authority to another. The transferor may get paid in instalments as and when a higher authority awards further compensation.

In cases of compulsory acquisition of an asset, the Capital Gains is determined on the actual receipt of compensation and not on the accrual basis. The Capital Gains is computed by taking the compensation received in the first instance as

the full value of consideration. As and when any further compensation is received, the same would be brought to tax as capital gains of the year in which such further compensation is received.

As the deductions in computing the capital gains are considered while computing the capital gains in the initial year, no further deductions are allowed in the subsequent calculations on account of cost of acquisition etc.

In case the compensation is reduced subsequently, the Capital Gains for the relevant year would be recomputed taking reduced compensation as the full value of consideration.

The time period for making investments in a house, in shares, etc. eligible for deduction from LTCG would be counted from the date of receipt of the compensation.

Transfer of Depreciable Assets

Depreciable assets are assets owned by the tax payer and used in his business.

Whatever be the period for which a depreciable asset was held by the transferor, the capital gain arising from the transfer is always short term capital gains. Capital Gains is calculated with reference to the block of assets of the transferred asset(s).

Excess of full value of consideration for transferred asset(s) over (expenditure for transfer(s) + Written Down Value (WDV) of the block of assets at the beginning of the Previous Year + Actual Cost of any asset falling within the block of assets and acquired during the previous year) will be the short term Capital Gains.

Slump Sale

Slump sale means transfer of one or more undertakings as a result of the sale for a lumpsum consideration without values being assigned to the individual assets and liabilities in such sale. Undertaking includes any part of the undertaking or a

unit or division of the undertaking or a business activity as a whole but does not include individual assets or liabilities or any combination thereof not constituting a business activity.

Any profit arising from slump sale shall be chargeable to LTCG if the undertaking(s) is/are owned or held by an assessee for more than 36 months and as STCG if they are held for not more than 36 months.

The net wealth of the undertaking (aggregate value of the total assets of the undertaking minus the value of the liabilities as appearing in books of accounts) shall be deemed to be the cost of acquisition and the cost of improvement for the purpose of computation of capital gains. No indexation would be given even in the case of LTCG.

A report of an Accountant has to be furnished along with the return of income indicating the computation of net worth of the undertaking and certifying that the net worth has been correctly arrived at.

Capital Gains on purchase of its own shares or other specified securities by a Company

Purchase of its own shares or specified securities by a company leads to Capital Gains in the hands of the share holder or holder of the specified securities. The Capital Gains has to be computed in the same manner as transfer of shares or specified securities. However, no deduction towards cost of transfer would be allowed.

Fair Market Value

While dealing with the computation of capital gains we come across certain situations where fair market value of an asset has to be taken. Fair Market Value is the price that the capital asset would ordinarily fetch on sale in the open market on the relevant date and where such price is not ascertainable the price as may be determined in accordance with the rules made under the I.T. Act. For the purpose of determining the fair market value the assessing officer may refer the valuation of a capital asset to a valuation officer.

Chapter - V

Losses Under the Head 'Capital Gains'

Loss from transfer of a short term Capital Asset can be set off against gain from transfer of any other capital asset (Long Term or Short Term) in the same year. Loss from transfer of a Long term Capital Asset can be set off against gain from transfer of any other long term Capital Asset in the same year.

If there is a net loss under the head "Capital Gains" for an assessment year, the same cannot be set off against any other head of income viz., Salaries, House Property, Business or Profession or other sources. It has to be separated into Short term Capital Loss (STCL) and long term capital loss (LTCL) and carried forward to next assessment year. In the next year, the STCL can be set off against any gains from transfer of any capital asset (Long term or Short term) and the LTCL can be set off against gains from transfer of long term capital asset only. Any unabsorbed loss after such set off can be further carried forward to next assessment year.

Capital loss computed in an assessment year can be carried forward for eight assessment years and set off as above.

Example 1: For the A.Y. 2014-15

A resident individual has income under "salaries" of Rs.1,80,000/-, short term capital loss on sale of shares of

Rs., 1,50,000/- and long term capital gains on sale of a residential unit of Rs.50,000/... He has no other income.

Income under 'Salaries'	= 1,80,000
STCL on sale of shares	(-) 1,50,000
LTCL on sale of residential unit	50,000
Loss under 'capital gains'	<u>(-) 1,00,000</u>
Total income	= 1,80,000
Loss under 'Capital Gains' (STCL)	= 1,00,000
to be carried forward for eight years (i.e. upto A.Y. 2022-2023)	

(since loss under capital gains cannot be set off against the income under any other head)

If in A.Y. 2015-2016 the assessee has income under Salaries' of Rs. 2,30,000/-, short term Capital Gains on sale of shares of Rs. 50,000/- and no income under any other head.

Income under 'Salaries'	2,30,000
Income under 'Capital Gains': Capital gains on sale of shares	50,000
Total Income	
Income under Salaries	2,30,000
Income under 'Capital Gains'	50,000
(Set off as follows)	
Loss under Capital gains to be carried forward	
Loss in A.Y. 2014-15	1,00,000
Loss set off this year	50,000
Loss to be carried forward (STCL)	<u>50,000</u>
(upto A.Y. 2022-2023)	

Example 2: For the Assessment Year 2014-15

A resident individual has Income from "Salaries" of Rs.1,80,000/-, Long Term Capital' Loss on sale of shares of Rs.1,50,000/- and a short term Capital Gains on sale of a residential unit of Rs. 50,000/-. He has no other income.

Income under "Salaries"	1,80,000
Capital Gains	
LTCL on Sale of Shares	1,50,000
STCG on Sale of house	50,000
Total Income	
Salaries	1,80,000
Capital Gains	50,000
	<u>2,30,000</u>

LTCL to be carried forward Rs. 1,50,000/-, (Since Long Term Capital loss cannot be set off against Short Term Capital Gains).

If in Assessment Year 2015-16, the assessee has income under "Salaries" of Rs. 2,50,000/-, long term Capital Gains on Sale of Share of Rs. 50,000/- and no income under any other head;

Income under "Salaries"	2,50,000
Income under "Capital Gains"	
Long term Capital Gains on Shares	50,000
Less: Brought forward loss under LTCL from the Assessment Year 2014-15	50,000
	NIL
	NIL
<u>Total Income</u>	<u>2,50,000</u>

Loss under Capital Gains to be carried forward:

Loss in Assessment Year 2014-15	1,50,000
Less: Set off this year	50,000
Loss to be carried forward (LTCL)	1,00,000
(Upto Assessment Year 2022-2023)	

ANNEXURE 'A'

**THE GAZETTE OF INDIA
EXTRAORDINARY [PART II SEC.3 (ii)]
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)**

NOTIFICATION

**New Delhi, the 6th January, 1994
(INCOME TAX)**

S.O.10(E). - Whereas a draft notification was published by the Central Government in exercise of the power conferred by item (B) of clause (ii) of the proviso to sub clause (c) of clause (1A) and item (b) of sub-clause (iii) of clause (14), of Section 2 of the Income Tax Act, 1961 (43 of 1961), in the Gazette of India Extraordinary, Part-II Section 3, sub-section (ii) dated the 13th February, 1991 under the notification of the Government of India in the Ministry of Finance (Department of Revenue) Mo. S.O. 91(E), dated 9th February 1991, for specifying certain areas for the purposes of the said clauses and objections and suggestions were invited from the public within a period of 45 days from the date the copies of the Gazette of India containing such notification became available to the public;

And whereas copies of the said Gazette were made available to the public on the 13th February, 1991;

And whereas the objections and suggestions received from the public on the said draft notification have been considered by the Central Government;

Now, therefore, in exercise of the powers conferred by item (B) of clause (ii) of the proviso to sub-clause (c) of clause (1A) and item (b) of sub-clause (iii) of clause (14) of Section 2 of the Income-tax Act, 1961(43 of 1961) and in supersession of the notification of the Government of India in the erstwhile Ministry of Finance (Department of Revenue and Insurance) NO. S.O. 77(E), dated the 6th February, 1973, the Central Government having regard to the extent of and scope of Urbanisation of the areas concerned and other relevant considerations, hereby specifies the areas shown in column (4) of the Schedule hereto annexed and falling outside the local limits of municipality or cantonment board, as the case may be, shown in the corresponding entry in column (3) thereof and against the State or Union Territory shown in column (2) thereof for the purposes of the above mentioned provision of the Income-tax Act, 1961 (43 of 1961)

Schedule

Sl.	Name of the State or Union Territory	Name of the Municipality or Cantonment Board falling in the State/Union Territory mentioned under Column (2).	Details of areas falling outside the local limit or Municipality or Cantonment Board etc., mentioned under Column 3.
1	2	3	4
1	Andhra Pradesh	1 Adilabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2 Adoni	Areas up to a distance of 8kms. from the municipal limits in all directions.
		3 Anantapur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		4 Bhimavarain	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		5 Bodhan	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6 Bhongir	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		7	Chilakaluripet	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Chirala	Areas up to a distance of 3 kms. from the municipal limits in all directions.
		9	Chittoor	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Cuddapab	Areas upto a distance of 6 kms. from the municipal limits in all directions.
		11	Eluru	Areas upto a distance of 8 kms. from the municipal Limits in all directions.
		12	Gudivada	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		13	Gudur	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		14	Guntakal	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		15	Guntur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		16	Hindupur	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		17	Hyderabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		18	Jadcherla	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		19	Jagtiai	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		20	Khammam	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		21	Kakinada	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		22	Kamareddy	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		23	Karimnagar	Areas upto a distance of 8 kms. from the municipal limits in all directions,
		24	Kurnool	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		25	Kavali	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		26	Mahaboobnagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		27	Manchiriyal	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		28	Medak	Areas up to a distance of 3 kms. from the municipal limits in all directions.
		29	Miryalaguda	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		30	Narsaraopet	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		31	Nellore	Areas up to a distance of 8 kms. from the municipal limits in all directions.
		32	Nirmal	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		33	Nizamabad	Areas up to a distance of 8 kms. from the municipal limits in all directions.
		34	Ongole	Areas up to a distance of 3 kms. from the municipal limits in all directions.
		35	Palacole	Areas up to a distance of 5 kms. from the municipal limits in all directions.
		36	Proddatur	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		37	Rajahmundry	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		38	Ramachandrapuram	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		39	Sangareddy	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		40	Secunderabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		41	Siddipet	Areas falling within (i) 1km. on either side of Karimnagar road upto distance of 4 kms, from the municipal limits if the road(ii) 1 km, on either side of Hyderabad road upto a distance of 4 kms. from the municipal limits in that road.
		42	Shamshabad	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		43	Suryapet	Areas up to a distance of 5 kms. from the municipal limits in all directions.
		44	Tadepalligudem	Areas up to a distance of 5 kms. from the municipal limits in all directions.

		45	Tanuku	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		46	Tenali	Areas up to a distance of 3 kms. from the municipal limits in all directions.
		47	Tirupati	Areas up to a distance of 8 kms. from the municipal limits in all directions.
		48	Vijayawada	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		49	Visakhapatnam	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		50	Vizianagaram	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		51	Warangal	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		52	Zahirabad	Areas falling within 1 km. on either side of Hyderabad road upto a distance of 4 kms. from the municipal limits on that road.
		53	Yanam	Areas upto a distance of 8 kms. from the municipal limits in all directions.
2	Assam	1	Dibrugarh	Areas upto a distance of 8 kms. from the municipal limits in all directions. excluding the areas covered by tea gardens and north western side of the Brahmaputra river.
		2	Guwahati	Areas upto a distance of 8 kms. from the municipal limits in all directions. except- areas north of the Brahmaputra river.

		3	Tinsukia	Areas upto a distance of 8 kms. from the municipal limits in all directions but excluding the areas covered by tea garden.
3	Bihar	1	Benipatti	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		2	Bettiah	Areas comprising the villages Ramnagar, Chanpatia and Narkatiyaganj upto a distance of 7 kms. falling outside the municipal limits of Bettiah.
		3	Blagalpur	Bhagalpur Areas upto a distance of 8 kms. from the municipal limits of Bhagalpur in all directions.
		4	Biharsharif	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		5	Bokaro	Areas comprising the villages Chas, Jainamore, Pindrajors, Tup-Kadih, Balidih, Rharra, Rani Pokisar and Chandrapur upto a distance of 8 kms. falling outside the municipal limits of Bokaro.
		6	Chakia	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		7	Darbhanga	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Deoghar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		9	Dhanbad	Areas comprising the following villages upto a distance of 8 kms. Falling outside the municipal limits of Dhanbad namely : (i) Kala Kisma, Amaghats, Sorgadih Sabalpur, Ossidih, Kalgola, Damodarpur, Bhongra, Bhelatand, Nyadiyah and Jealgora:

				(iii) Bishunpur of Dhanbad P.S. Baromuri of Dhanbad P.S. Mathuria Peprapulla and Kusunda of Govindpur P.S.
		10	Dumka	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		11	Gaya	Areas comprising the following villages upto a distance of 8 kms. falling outside the municipal limits of Gaya, namely (i) Care, Aligilla (ii) Mustafabad, Chandauti, Katari Nailli, Dubhai, Paharpur. (iii) Kandi Nawadah, Chiraitand, Kandi Bitho, Rasalpur. (iv) Bodhgaya. Kandua, Kandui, Kiriwan, Amwan, Mastipur.
		12	Girdh	Areas comprising the villages, Pachawab, Sirsia, Baniadih and Mohanpur upto a distance of 8 kms. falling outside the municipal limits of Giridih.
		13	Hajipur	Areas upto a distance of 8kms. falling outside the municipal limits of Hajipur in all directions except bound by river Gandak and river Ganga.
		14	Jamshedpur	Areas comprising the villages upto a distance of 8 kms. falling outside the municipal limits namely:
				(a) Baghara located on the South east of the outer limit of Jugsalai notified areas.
				(b) Area known as Khas Mohal Area extending upto village Kharandi 900 metres on both sides of the road known as Ranchi Chaibass Road.
				(c) Areas comprising of Tola Parsudih situated on the south side of the other limit of Jamshedpur notified areas.
				(d) Areas comprising of village

				Mango and upto 900 metres in villages Pardi on the eastern side of the road which connects Jamshedpur town with National highway beyond the limit of Jamshedpur notified area. (e) Areas consisting of that part of village Chhota Gamaria Kalikapur and Saldi extending upto 900 metres, on both sides of the road connecting Tayo Factory areas with Jamshedpur Town beyond the limit of Adiryapu Notified Area.
		15	Jalinjharpur	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		16	Katihar	Areas outside and upto a distance of 8 kms. existing outside the municipal limits and bounded as follows: North: Katihar-Gerabari Road South and West: River Kosi
		17	Madhubani	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		18	Motihari	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		19	Muzaffarpur	All areas in the following blocks falling within the villages mentioned against them but upto a distance of 78 kms. from municipal limits of Muzaffarpur, namely: (a) Kanti Block-Bairiya, Paharpur, Narsand, Damodarpur, Koluna, Paigamberpur Tarms; (b) Kurhani Block-Patahi, Kharona, Sumaira Laduara, Kaphain, Modhopur, Turki, Maniari, Kasi, Ind, Markan, Silaut; (c) Mushahari Block-Patahi, Bhagwanpur Khabra, Sahirpur, Kanhuli, Rahua; (d) Bochhan Block Akaraghat, Ahiyapur, Sipadur, Jhapanan.

		20	Patna	Following areas upto a distance of 8 kms. from the municipal limits, namely East: Areas upto river Punpun; West: The areas upto Kaspa Maner; South : Areas upto Railway Station Parsa Bazar; North : Area upto river Gangas.
		21	Pupari	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		22	Pumia	Areas upto a distance of 7 kms. from the municipal limits in all directions.
		23	Ranchi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		24	Raxaul	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		25	Saharsa	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		26	Sahibganj	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		27	Samastipur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		28	Sheohar	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		29	Sitamarhi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
4	Dadra Nagar Haveli (T.J.T.)	1	Silvasa Village Panchayat	Areas upto a distance of 8 kms. from the municipal limits and falling in Silvasa Town and the villages of Dadra, Masat and Piparia.

5	Daman (U.T.)	1	Daman	Areas upto a distance of 8 kms., from municipal limits falling within the following villages, namely Bhesrol, Bhimpore, Dabhel, Jampore, Kachigam, Moti Vankad, Nani Vankad, Righwada.
6	Delhi (U.T.)	1	Delhi	Areas upto a distance of 8 kms. from the limits of municipal corporation in all directions.
7	Goa	1	Mapusa	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Margao	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		3	Panaji	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		4	Vasco	Areas upto a distance of 8 kms. from the municipal limits in all directions.
8	Gujarat	1	Ahmedabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Ankleshwar	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		3	Anand	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		4	Aitreli	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		5	Baroda	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6	Bharuch	Areas upto a distance of 5 kms. from the municipal limits in all directions.

		7	Bhavnagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Bhuj	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		9	Bardoli	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Bilimora	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		11	Dehgam	Areas upto a distance of 2 kms. from the municipal limits. in all directions.
		12	Phanduka	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		13	Dholka	Areas upto a distance of 1 kms. from the municipal limits in all directions.
		14	Dhoraji	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		15	Gandhinagar	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		16	Gandhidham	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		17	Gondal	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		18	Himatnagar	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		19	Jamnagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		20	Junagadh	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		21	Kadi	Areas up to a distance of 3 kms. from the municipal limits in all directions.
		22	Kalol	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		23	Modasa	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		24	Mahuva	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		25	Mehsana	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		26	Morbi	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		27	Nadiad	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		28	Navsari	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		29	Palanpur	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		30	Penn	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		31	Petlad	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		32	Porbandar	Areas upto a distance of 5 kms. from the municipal limits in all directions.

		33	Rajkot	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		34	Sanand	Areas upto a distance of 2 kms. from the municipal, limits in all directions.
		35	Shihor	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		36	Savarkundala	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		37	Surat	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		38	Valsad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		39	Vapi Indi. Township	Following areas upto a distance of 8 kms., from the municipal limits of Vapi Udyognagar Panchayat namely villages of: Balitha, Chala, Dungra, Koparli, Salvav.
		40	Veraval	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		41	Viramgam	Areas upto a distance of 2 kms. from the municipal limits in all directions.
9	Haryana	1	Ambala Cantonment Board/Municipal Committee	Areas upto a distance of 8 kms. from the outer limits in all directions.
		2	Ambala City	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		3	Assandh (Distt. Karnal)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		4	Bahadurgarh (Distt Rohtak)	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		5	Ballabhgarh (Distt. Faridabad)	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6	Barwala (Distt Hissar)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		7	Bhiwani Khera (Distt. Bhiwani)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		8	Bhiwani	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		9	Charki Dadri (Distt. Bhiwani)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		10	Cliika (Cdli) (Distt. Kurukshetra)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		11	Dabawoli (Distt. Sirsa)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		12	Danthera (Distt. Mohinderrh)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		13	Ellanabad (Distt. Sirsa)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		14	Faridabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		15	Fatehabad (Distt. Hissar)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		16	Ferozepur Jhirka (Distt. Gurgaon)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		17	Ganaur (Distt Sonapat)	Areas upto a distance of 2 kms. from the municipal limits in all directions.

		18	Gharaunda(Distt Kamal)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		19	Gohana (Distt. Sonapat)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		20	Gurgaon	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		21	Hansi(Distt. Hissar)	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		22	Hissar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		23	Hodal (Distt. Faridabad)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		24	Indri (Distt. Karnal)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		25	Jhaj jar (Distt. Rohtak)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		26	Jind	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		27	Jullala (Distt. Jind)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		28	Kaithal (Distt. Kurushetra)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		29	Kalanaur (Distt. Rohtak)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		30	Kalka (Distt. Ambala)	Areas upto a distance of 5 kms. from the municipal limits in all directions.

		31	Kallanwali (Distt. Sirsa)	Areas upto a distance of 2 kms. from the municipal Limits in all directions.
		32	Karnal	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		33	Khazkhouoda (Distt. Sonapat)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		34	Thanesar (Distt. Kurushetra)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		35	Ladwa (Distt. Kurushetra)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		36	Meham (Distt. Rohtak)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		37	Mohindergarli	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		38	Nanirigaib (Distt. Ambala)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		39	Namaul (Distt. Mohindergarh)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		40	Naraud (Distt. Hissar)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		41	Narwana (Distt. Jind)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		42	Nilokheri (Distt. Karnal)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		43	Palwal (Distt. Faridabad)	Areas upto a distance of 5 kms. from the municipal limits in all directions.

		44	Panchkula (Distt. Ambala)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		45	Panipat (Distt. Karnal)	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		46	Pataudi (Distt. Gurgaon)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		47	Pehwa (Distt. Gurgaon)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		48	Patadura (Distt. Yamunanagar)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		49	Rewari	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		50	Rohtak	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		51	Sidbaure (Distt. Ambala)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		52	Sauidon (Distt. Jind)	(a) Areas falling within 2 kms., on either side of Safidon Jind Road upto a distance of 5 kms., from municipal limits on that road. (b) Areas (other than in (a) above) upto a distance of 2 kms., from municipal limits in all directions.
		53	Samalkha (Distt. Karnal)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		54	Shahabad Markanda (Distt. Kurukshetra)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		55	Sirsa	Areas upto a distance of 5 kms. from the municipal limits in all directions.

		56	Sohna (Distt. Gurgaon)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		57	Sonepat	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		58	Taraofi (Distt. Karnal)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		59	Tauru (Distt. Gurgaon)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		60	Tohana (Distt. Hissar)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		61	Yamunanagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		62	Jagadhari	Areas upto a distance of 8 kms. from the municipal limits in all directions.
10	Jammu & Kashmir	1	Jammu	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Srinagar	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		3	Udhampur Town Area	Areas upto a distance of 5 kms. from the municipal limits in all directions.
11.	Karnataka	1	Bangalore	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Belgaum	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		3	Bellary	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		4	Bhadravathi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		5	Bidar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6	Bijapur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		7	Chitradurg	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Davangere	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		9	Gadag	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Gangavathi	Areas upto a distance of 8 kms. from the municipal, limits in all directions.
		11	Gulbarga	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		12	Hassan	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		13	Haveri	Areas upto a distance of 8 km. from the municipal limits in all directions.
		14	Hospet	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		15	Hubli Dhai-war	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		16	Koppal	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		17	Mangalore	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		18	Mysore	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		19	Raichur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		20	Rannebennur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		21	Shimoga	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		22	Tumkur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		23	Udupi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
12	Kerala	1	Kozikode (Calicut)	Areas falling within Chcruvannur, Farcks, Kadalundi, Beypore, Olavanna, Kunnamangalam and Elathur Panchayat upto a distance of 8 kms., from municipal limits of Calicut.
		2	Chvakkad(Chawghat)	Areas falling within Guruvayur Township upto a distance of 3 kms., from municipal limits.
		3	Kochi (Cochin)	Areas forming part of Eloor and Maradu Panchayats upto a distance of 8 kms. from the municipal limits.
		4	Palakkad (Palghat)	Areas forming part of Pirayiri Parli, Marutharode and Pudukkottai Panchayats upto a distance of 8 kms., from municipal limits.
		5	Kollam (Quilon)	Areas comprised in Vadakkovila Panchayats upto a distance of 3 kms., from the limits of Quilon municipality.

		6	Thrissur	Areas forming part of Ayyanthole, Vilavattam Ollukara and Koorkancherry Panchayats upto a distance of 8 kms., from municipal limits.
		7	Thiruvananthapuram (Trivandrum)	Following areas upto a distance of 8 kms., outside the municipal limits of Tiruvananthapuram. 1. Areas comprised in ward numbers 2,3 and 7 to II of Chettivilakom Panchayat. 2. Areas comprised in ward numbers 1, 2, 4, 7 and II of Vattoorkavu Panchayat. 3. Areas comprised in ward numbers 3 and 4 of the Streekaryam Panchayat. 4. Areas comprised in ward numbers 6 and 9 of Attipra Panchayat. 5. Areas comprised in ward numbers 5, 6 and 7 of Ulloor Panchayat. 6. Areas comprised in ward numbers 6 and 8 of Nemom Panchayat.
13	Madhya Pradesh	1	Balaghat	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Bhopal	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		3	Bilaspur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		4	Burhanpur	Areas falling within: (a) 2 kms., on either side of Burhanpur Khandwa road upto a distance of 3 kms., from the municipal limits on that road. (b) 1 km., on either side of Burhanpur Rawar road upto a distance of 2 kms., from the municipal limits on that road.

		5	Chattarpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6	Chhindwara	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		7	Damoh	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Durg	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		9	Gwalior including Morar Cantonment	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Indore	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		11	Jabalpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		12	Katangi (Distt. Balaghat)	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		12	Katangi (Distt. Jabalpur)	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		13	Khandwa	Areas falling within: (a) 1 km., on west side of Khandwa Burhanpur road upto a distance of 3 kms., from the municipal limits on that road; (b) 2 kms., on north side of Khandwa-Indore road upto a distance of 3 kms., from the municipal limits on that road.
		14	Khorgone	Areas falling within: (a) $\frac{1}{2}$ km on either side of Bistan Khorgone road upto a distance of 2 kms., from municipal limits on that road. (b) 1 km on either side of Khorgone Sanavad road upto a

				distance of 1 kms. from municipal limits on that road. (c) 1 km on either side of Khargone Julwani road upto a distance of 1 km., from municipal limits on that road.
		15	Korba	Areas falling within: (a) 1 km on either side of Korba Bilaspur road upto a distance of 8 kms., from municipal limits on that road. (b) 1 km on either side of Korba Champa road upto a distance of 8 kms., from municipal limits on that road.
		16	Mhow Cantonment	Areas falling within: (a) 1 km on either side of Mhow-Manipur road upto a distance of 3 kms., from cantonment limits on that road (b) 1 km on either side of Mhow-Indore road upto a distance of 3 kms., from cantonment limits on that road.
		17	Raigarh	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		18	Raipur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		19	Rajnandgaon	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		20	Ratlam	Areas falling within: (a) 1 km., distance from municipal limits towards Sailana road, (b) 1 km., distance from municipal limits towards Jaora road. (c) 2 km., distance from municipal limits towards Mhow road. (d) 1 km., distance from municipal limits towards Rajna road.
		21	Rau	Areas falling within 1 km., on either side of AB road upto a distance of 8 kms., from the municipal limits of Rau.

		22	Sagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		23	Satma	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		24	Ujjain	Areas falling within: (a) 1 km. on either side of Ujjain Dewas road upto a distance of 8 kms., from the municipal limits on that road. (b) 1 km. on either side of Ujjain Indore road upto a distance of 8 kms., from the municipal limits on that road. (c) 1 km. on either side of Ujjain Maxi road upto a distance of 8 kms. from the municipal limits on that road. (d) 1 km. on either side of Ujjain Agra road upto a distance of 8 kms. from the municipal limits on that road.
14	Maharashtra	1	Ahmednagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Akkalkot	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		3	Akola	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		4	Alibag	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		5	Amravati	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		6	Aurangabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		7	Baramati	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Barsi	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		9	Beed	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Bhandara	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		11	Bhiwandi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		12	Bhor	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		13	Greater Mumbai	Areas upto a distance of 8 kms. from the municipal limits of Greater Bombay in all directions.
		14	Chandrapur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		15	Dahanu	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		16	Daud	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		17	Dehu Road Cantonment Board	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		18	Deolali Cantonment Board	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		19	Dhule	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		20	Gondia	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		21	lochalkaranji	Areas falling within the villages of Kabnor, Koruchi, Terdaj and Yadav but upto a distance of 8 kms., from municipal limits.
		22	Jalaba	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		23	Jalgaon	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		24	Junnar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		25	Kalyan	Areas upto k distance of 8 kms. from the municipal limits in all directions.
		26	Khapoli	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		27	Kirkee Cantonment Board	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		28	Kolhapur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		29	Latur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		30	Lonawala & Khandala	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		31	Mahad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		32	Malegaon	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		33	Mirabhayander	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		34	Murad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		35	Nagpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		36	Nanded	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		37	Nasik	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		38	New Mumbai	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		39	Osmanabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		40	Pandharpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		41	Panvel	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		42	Parbhani	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		43	Pen	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		44	Pimpri Chinchwad	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		45	Poona Municipal Corporation	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		46	Pune Cantonment Board	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		47	Roha	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		48	Saswad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		49	Shim	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		50	Shrivardhan	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		51	Solapur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		52	Telegaon Dabhade	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		53	Thane	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		54	Ulhasnagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		55	Uran	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		56	Vasai	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		57	Virar	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		58	Wardha	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		59	Yavatmal	Areas upto a distance of 5 kms. from the municipal limits in all directions.
15	Meghalaya	1	Shillong Municipality & Shillong Cantonment	Areas upto a distance of 8 kms. from the municipal limits in all directions.
16	Orissa	1	Anugul	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		2	Baleshwar	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		3	Beharmpur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		4	Bhadrak	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		5	Bhubaneshwar	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		6	Cuttack	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		7	Jaipur Road	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		8	Jeypore	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		9	Khorda	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		10	Puri	Areas upto a distance of 2 kms. from the municipal limits in all directions.

		11	Rourkela	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		12	Sambalpur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
17	Pondicherry	1	Pondicherry	Areas upto a distance of 8 kms. from the municipal limits in all directions.
18	Punjab	1	Abohar	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		2	Ahmednagar (Distt. Sangrur)	Areas upto a distance of 1 kms. from the municipal limits in all directions.
		3	Amritsar	Areas upto a distance of 6 kms. from the municipal limits in all directions.
		4	Barnala Bes (Pathana) (Disst. Patiala)	Areas falling within: (i) 1 km., on either side of Barnala Sangrur road upto a distance of 6 kms., from municipal limits on that road. (ii) 1 km., on either side of Barnala Rajkot road upto a distance of 2 kms., from municipal limits on that road. (iii) 1 km., on either side of Barnala Handiaya road upto a distance of 4 kms., from municipal limits on that road. (iv) 1 km., on either side of Barnala Sajakhana road upto a distance of 4 kms., from municipal limits on that road. (v) 1 km., on either side of new courts complex road upto Sangrur Rajkot road crossing.
		5	Bess (Pathana) (Distt Patiala)	Areas falling within: (i) 1 km., on either side of bassi Pathana Morinda road upto a distance of 4 kms., from municipal limits on that road.

				(ii) 1 km., on either side of bassi Pathana Fatehgarh Sahib road upto a distance of 2 kms., from municipal limits on that road. (iii) 1 km., on either side of bassi Pathana Kharar road upto a distance of 2 kms., from municipal limits on that road.
		6	Batala	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		7	Bhatinda	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Bhawanigarh	Areas falling within 1 kms., on either side of B Bhawanigarh Sangrur and Bhawanigarh Patiala Roads upto a distance of 2 km., from municipal limits on these roads.
		9	Dhuri (Distt. Sangrur)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		10	Faridkot	Areas upto a distance of 1 km. from the municipal limits in all directions,
		11	Gobindgarh	Areas falling within: (i) 1 km., on either side of Gobindgarh Sirhind road upto a distance of 3 kms., from municipal limits on that road. (ii) 1 km., on either side of Gobindgarh Amloh Road upto a distance of 4 kms., from municipal limits on that road. (iii) 2 kms., on either side of Gobindgarh Khanna Road upto a distance of 6 kms., from municipal limits on that road.
		12	Goraye	Areas upto a distance of 1 km. from the municipal limits in all directions.

		13	Gurdaspur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		14	Hoshiarpur	Areas upto a distance of 1 km. from the municipal limits in all directions.
		15	Jagraon (Distt. Ludhiana)	Areas falling within: (i) 1 km., on either side of Jagraon, Moga or Ferozepur road and upto a distance of 2 kms. from municipal limits on that road. (ii) 1 km., on either side of Jagraon Ludhiana road upto a distance of 4 kms., from municipal limits on that road. (iii) 1 km., on either side of Jagraon Rajkot road upto a distance of 2 kms. from municipal limits on that road. (iv) 1 km., on either side of Jagraon Sidhwan road upto a distance of 2 kms., from municipal limits on that road. (v) 1 km., on either side of Jagraon Sherpur road upto a distance of 2 kms., from municipal limits on that road.
		16	Jalandhar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		17	Kapurthala	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		18	Kattarpur	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		19	Khanna (Distt. Ludhiana)	Areas falling within: (i) 2 kms., on either side of the Khanna-Ambala road upto a distance of 6 kms., from municipal limits on that road. (ii) Areas upto 2 kms., from

				municipal limits in all directions except areas falling in (i) above.
		20	Kharar.	Areas falling within: (i) 1 km., on either side of the Kharar Kurali road upto a distance of 8 kms., from municipal limits on that road. (ii) 1 km., on either side of the Kharar Chandigarh road upto a distance of 8 kms., from municipal limits on that road.
		21	Kotkapur	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		22	Kurali	Areas falling within: (1) 1 km. on either side of Kurali Ropar road upto a distance of 6 kms., from municipal limits on that road. (ii) 1 km. on either side of Kurali Kharar road upto a distance of 6 bus, from municipal Limits on that road. (iii) 1 km. on either side of Kurali Morinda road upto a distance of 4 kms., from municipal limits on that road
		23	Ludhiana	Areas upto a distance of 1 km. from the municipal limits in all directions.
		24	Malerkotla	Areas falling within: (i) 1 km. on either side of Malerkotla Ludhiana road upto a distance of 7 kms. from municipal limits on that road. (ii) Areas upto a distance of 2 kms. from municipal limits in all directions except area falling in (i) above.
		25	Malout	Areas upto a distance of 1 km. from the municipal limits in all directions.

		26	Mansa	Areas upto a distance of 1 km. from the municipal limits in all directions.
		27	Moga	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		28	Mohali(SAS Nagar)	Areas falling within 1 km. on either side of Mohali-Kharar road upto a distance of 6 kms, from municipal limits on that road.
		29	Muktsar	Areas upto a distance of 1 km. from the municipal limits in all directions.
		30	Mullanpur (Teh. Ludhiana)	Areas upto a distance of 1 km. from the municipal limits in all directions.
		31	Nabha	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		32	Patbnakot	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		33	Patiala	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		34	Phagwara	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		35	Rajpura	Areas falling within: (i) 1 km., on either side of Rajpura Sirhind road upto a distance of 3 kms., from the municipal limits on that road. (ii) 1 km., on either side of Rajpura-Banur road upto a distance of 8 kms., from the municipal limits on that road. (iii) 1 km., on either side of Rajpura-Ambala road upto a distance of 4 kms., from the municipal limits on that road.

			(iv) 1 km., on either side of Rajpura Ganour road upto a distance of 4 kms. from the municipal limits on that road. (v) 1 km., on either side of Rajpura.Patiala road upto a distance of 8 kms., from the municipal limits on that road.
		36	Rampura Phul Areas upto a distance of 1 km. from the municipal limits in all directions.
		37	Ropar Areas Falling within 1 kms. on either side of Ropar Bela road upto a distance of 2 kms. from municipal limits on that road.
		38	Samana (Distt. Patiala) Areas upto a distance of 3 kms. from the municipal limits in all directions.
		39	Samrala (Distt. Patiala) Areas upto a distance of 3 kms. from the municipal limits in all directions.
		40	Sangrur Areas upto a distance of 5 kms. from the municipal limits in all directions.
		41	Sirhind Areas upto a distance of 3 kms. from the municipal limits in all directions.
		42	Sunam Areas upto a distance of 3 kms. from the municipal limits in all directions.
		43	Tarn Taran Areas upto a distance of 2 kms. from the municipal limits in all directions.
		44	Zira Areas upto a distance of 1 km. from the municipal limits in all directions.
19	Rajasthan	1	Ajmer Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Alwar Areas upto a distance of 8 kms. from the municipal limits in all directions.

		3	Beawar Areas upto a distance of 8 kms. from the municipal limits in all directions.
		4	Bharatpur Areas upto a distance of 8 kms. from the municipal limits in all directions.
		5	Bhilwara Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6	Bikaner Areas upto a distance of 8 kms. from the municipal limits in all directions.
		7	Jaipur Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Jodhpur Areas upto a distance of 8 kms. from the municipal limits in all directions.
		9	Kota Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Pali Areas upto a distance of 8 kms. from the municipal limits in all directions.
		11	Sikal Areas upto a distance of 8 kms. from the municipal limits in all directions.
		12	Sriganganagar Areas upto a distance of 8 kms. from the municipal limits in all directions.
		13	Tonk Areas upto a distance of 8 kms. from the municipal limits in all directions.
		14	Udaipur Areas upto a distance of 8 kms. from the municipal limits in all directions.
20	Tamilnadu	1	Ambur Areas upto a distance of 8 kms. from the municipal limits in all directions.

		2	Alandur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		3	Avadi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		4	Bhavani	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		5	Chidambaram	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6	Chengalpattu	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		7	Coimbatore	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		8	Cuddalore	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		9	Dindigul	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Erode	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		11	Gopichettipalayam	Areas falling within 1 kms on either side of each of the Sathy Main road and Madachur road upto a distance of 5 kms. from the municipal limits on that road.
		12	Golden Rock	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		13	Gudiyatham	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		14	Karaikudi	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		15	Karuu	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		16	Kathivakkam	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		17	Kancheepuram	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		18	Kodaikanal	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		19	Kovilpatti	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		20	Kumbakonarn	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		21	Madhavaram Township	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		22	Chennai	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		23	Madurai	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		24	Narpmmesam	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		25	Nagercoil	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		26	Namakkal	Areas upto a distance of 2 kms. from the municipal limits in all directions.

		27	Neyveli	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		28	Paramakudi	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		29	Palani	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		30	Panruti	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		31	Palayamkottai	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		32	Pollachi	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		33	Pudukottai	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		34	Rajapalayam	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		35	Ramananthapuram	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		36	Ranipettai	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		37	Salem	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		38	Sankarankoil	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		39	Sathiyamangalam	Areas upto a distance of 3 kms. from the municipal limits in all directions.

		40	Sattur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		41	Sivaganga	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		42	Shencottah	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		43	Sivakasi	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		44	Srirangam	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		45	Thomas Mount	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		46	Tambaram	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		47	Tenkasi	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		48	Thanjavur	Areas falling within the following Panchayats but outside the municipal limits upto a distance of 8 kms. from the municipal limits in all directions: (i) Nilgiri (ii) Nanjikottai
		49	Theni	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		50	Tiruvallur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		51	Tiruchirapalli	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		52	Thirupur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		53	Tiruvannamalai	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		54	Tirunelveli	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		55	Tuticorin	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		56	Udumalpet	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		57	Vaniambadi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		58	Vellore	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		59	Villupuram	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		60	Virudhachalam	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		61	Virdhunagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
21	Uttar Pradesh	1	Agra	Areas upto a distance of 8 kms. from the municipal limits or cantonment board in all directions.
		2	Aligarh	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		3	Allahabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		4	Amethi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		5	Attore (Distt. Banda)	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		6	Banda	Areas upto a distance of 6 kms. from the municipal limits in all directions.
		7	Baraut	Areas falling within 1 km. on either side of Baraut-Delhi road and Baraut-Saharanpur road upto a distance of 4 km. from the municipal limits on these roads
		8	Bareilly .	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		9	Bhadohi	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		10	Bharwari	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		11	Bulandshahr	Areas upto a distance of 6 kms. from the municipal limits in all directions.
		12	Dadri	Areas falling within: (a) 1 km. on either side of Dadri Noida road upto a distance of 8 km. From the municipal limits on these roads (b) 1 km. on either side of Dadri Ghaziabad road and Dadri Bulandshahr road upto a distance of 8 km. from the municipal limits on these roads
		13	Dehradun	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		14	Etah	Areas upto a distance of 8 kms. from the municipal limits in all directions.

		15	Etawah	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		16	Faizabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		17	Farrukhabad-cum-Fatehgarh	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		18	Fatehpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		19	Firozabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		20	Ghaziabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		21	Gopiganj Town area	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		22	Ghazipur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		23	Gorakhpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		24	Hardwar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		25	Hamirpur	Areas upto a distance of 6 kms. from the municipal limits in all directions.
		26	Handia	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		27	Hapur	Areas upto a distance of 4 kms. from the municipal limits in all directions.

		28	Hathras	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		29	Jaunpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		30	Jhansi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		31	Kasganj	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		32	Khurja	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		33	Lalitpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		34	Lucknow	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		35	Mohaba	Areas upto a distance of 6 kms. from the municipal limits in all directions.
		36	Manipuri	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		37	Mathura	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		38	Mauaima (Distt Hamirpur)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		39	Maudaha (Distt Hamirpur)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		40	Mawana	Areas falling within 1 km. on either side of Meerut road upto a distance of 4 km. from municipal limits on that road.

		41	Meerut city and Cantonment Board	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		42	Modinagar	Areas falling within 1 km. on either side of each of Modinagar-Delhi road and Modinagar-Meerut road upto a distance of 8 km. from the municipal limits on these roads.
		43	Moradabad	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		44	Muzaffarnagar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		45	Noida	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		46	Orai (Distt Jalaun)	Areas upto a distance of 3 kms. from the municipal limits in all directions.
		47	Phulpur (Distt Allahabad)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		48	Poala Pratnagar	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		49	Rath (Distt Hamirpur)	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		50	Rishikesh	Areas falling within 1 km. on either side of each of Rishikesh-Dehradun road upto a distance of 2 kms. from the municipal limits on these roads.
		51	Roorkee	Areas falling within: (a) 1 km. on either side of Roorkee Hardwar road upto a distance of 8 kms. from the municipal limits on these roads. (b) 1 km. on either side of Roorkee Dehradun road upto a distance of 8 kms. from the municipal limits on these roads.

		52	Robertsganj (Notified area) (Distt. Mirzapur)	Areas upto a distance of 4 kms. from the municipal limits in all directions.
		53	Saharanpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		54	Sikandrabad	Areas falling within 1 km. on either side of each of Sikandrabad Ghaziabad and Sikandrabad - Bulandshahr road upto a distance of 8 km. from the municipal limits on these roads.
		55	Shikohabad	Areas upto a distance of 5 kms. from the municipal limits in all directions.
		56	Saraon (Distt. Allahabad)	Areas upto a distance of 2 kms. from the municipal limits in all directions.
		57	Varanasi	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		58	Sultanpur	Areas upto a distance of 5 kms. from the municipal limits in all directions.
22	West Bengal	1	Asansol	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		2	Barasat	Areas falling within the mouzas of Nabapalli and Mahdyamgram upto a distance of 8 kms. from the municipal limits.
		3	Burdwan	Areas falling within the mouzas of (i) Bijoram (ii) Bam (Battala) (iii) Dewandighi (iv) Gourdur Chatti (v) Khanpukur (vi) Nagrigam and (vii) Raya upto a distance of 8 kms. from the municipal limits.
		4	Barrackpore	Areas falling with the mouzas of Talinipara upto a distance of 8 kms. from the municipal limits.

		5	Baruipur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		6	Baharampore (Distt. Murshidabad)	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		7	Bhatpara	Areas falling within the mouzas of (i) Garifa (ii) Naihati (iii) Kanchrapara and (iv) Deulpara upto a distance of 8 kms. from the municipal limits.
		8	Budge Budge	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		9	Kolkata	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		10	Chakdaha	Areas falling within the mouzas of (1) Panohpots (2) Darapur (3) Silinda and (4) Chowgachia upto a distance of 8 kms. from the municipal limits.
		11	Diamond Harbour	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		12	Durgapur	Areas falling within the mouzas of (1) Ondal (2) Ukuraand (3) Siduliuptoa distance of 8 kms. from the municipal limits.
		13	Garden Reach	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		14	Garulia	Areas falling within the mouzas of Ichhapur upto a distance of 8 kms. from the municipal limits.
		15	Harora	Areas falling within the mouzas of (1) Bara Baher (2) Kharda Bahera (3) Vally (4) Santragachi (5) Jagacha (6) Unsani (7) Nibra(8) Mahiari (9) Dimjur (10) Andul upto a distance of 8 kms. from the municipal limits.

		16	Kalyani	Areas falling within the mouzas of (1) Gayeshpur (2) Birohi (3) Mohanpur upto a distance of 8 kms. from the municipal limits.
		17	Kanchrapara	Areas falling within the mouzas of (1) Kalyani Chendmar (2) Zaroti (3) Birpara (4) Manratipur (5) Gayeshpur (6) Dogachia (7) Kanpur (8) Raghunathpur (9) Jagdarpur (10) Baliaghate (11) Kaliganj (12) Gokulpur upto a distance of 8 kms. from the municipal Limits.
		18	Kalna	Areas falling within the mouzas of Nibujee including Nibujee Bazar upto a distance of 8 kms. from the municipal limits.
		19	Krishnagar	Areas falling within the mouzas of (1) Rhatjangala (2) Durgapur (3) Kalirhat upto a distance of 8 kms. from the municipal limits.
		20	English Bazar	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		21	Niamatpur	Areas upto a distance of 8 kms. from the municipal limits in all directions.
		22	New Barrackpore	Areas falling within the mouzas of Patulia upto a distance of 8 kms. from the municipal limits.
		23	Panihati	Areas falling within the mouzas of: (1) Baluria (2) Pashim Ichapur (3) Hariharpur (4) Napara (5) Bhatra (6) Guchuria (7) Ganganagar (8) Udyarajpur (9) Chakraghta (10) Chandigarh (11) Doharia(12) Sahara upto a distance of 8 kms. from municipal limits
		24	Ranaghat	Areas falling within the mouzas of Arrulia and Jiuli upto a distance of 8 kms. from municipal limit.

		25	Shantipur	Areas falling within the mouzas of Gobindpur Ghoralia upto a distance of 8 kms. from municipal limits.
		26	Siliguri	Areas falling within the mouzas of (i) Dabgram (2) Binaguri (both of Jalpaiguri Distt.) And (3) Pathargahata including Champasari, Phulbari and Motigar (all in Darjeeling Distt.) upto a distance of 8 kms. from municipal limits.
		27	South Dum-Dum	Areas falling within the mouzas of Garulia and Sultanpur upto a distance of 8 kms. from municipal limits.

This notification shall have effect on and from the date of its publication in the Official Gazette.

Explanation:

(1) In this notification, "Municipality" shall mean any areas which is comprised within the jurisdiction of a municipality, (whether known as a municipality, municipal corporation notifies area committee, town area committee, town committee or by any other name) which has population of not less than ten thousand according to the last preceding census of which the relevant figures have been published before the first day of the previous year.

(2) The reference to municipal limits or the limits of cantonment board in the schedule to this notification is published in the official gazette.

(Notification No. 9447/F.No. 164/3/87-ITA.I)

Sharat Chandra, Under Secy.

**THE GAZETTE OF INDIA
EXTRAORDINARY [PART II SEC.3 (ii)]
MINISTRY OF FINANCE
(Department of Revenue)**

NOTIFICATION

New Delhi, the 2nd March, 1994

(INCOME TAX)

S.O. No.....: In exercise of the power conferred by the Explanation below sub-section (1) of Section 54G of the Income Tax Act, 1961, the Central Government, having regard to the population, concentration of industries, need for proper planning of the area and other relevant factors, hereby declares the areas falling within the limits of Municipal Corporation or municipality as the case may be mentioned in column (3) of the schedule hereto annexed and situated within the State shown in column (2) thereof, as urban areas for the purpose of sub-section (1) of Section 54G of the Income-tax Act, 1961 (43 of 1961).

SCHEDULE

Sl No.	Name of the State	Name of the Municipal Corporation or Municipality Situated in the State mentioned in column (2)
1.	Maharashtra	1. Greater Mumbai 2. Ahmednagar 3. Ichalkaranji 4. Jalgaon 5. Kalyan 6. Nagpur City 7. Nashik 8. Pimpri Chiinchwad 9. Pune Municipal Corporation 10. Pune Cantonment Board 11. Thane 12. Ulhasnagar

2. The notification shall come into force on the date of its publication in the Official Gazette.

Sd/
(Akay Kumar)
Deputy Secretary to the Govt. of India
Notification No. 9489 (F.No.207/1/94-ITA.II)

**THE GAZETTE OF INDIA
EXTRAORDINARY [PART II SEC.3 (ii)]
MINISTRY OF FINANCE
(Department of Revenue)**

NOTIFICATION

New Delhi, the 2nd March, 1996

(INCOME TAX)

S.O.No.276E: In exercise of the power conferred by the Explanation below sub-section (I) of Section 54G of the Income Tax Act, 1961 (43 of 1961) the Central Government, having regard to the population, concentration of industries, need for proper planning of the area and other relevant factors, hereby declare the areas falling within the limits of Municipal Corporation or municipality as the case may be mentioned in column (3) of the schedule hereto annexed and situated within the State shown in column (2) thereof, as urban areas for the purpose of sub-section (1) of Section 54G of the Income-tax Act, 1961(43 of 1961).

SCHEDULE

Sl No.	Name of the State	Name of the Municipal Corporation or Municipality Situated in the State mentioned in column (2)
1.	Tamilnadu	1. Athur 2. Bhavani 3. Coimbatore 4. Conoor 5. Dharmapuri 6. Erode 7. Gobichettipalayam 8. Chennai 9. Madurai 10. Mettupalayam 11. Namakkal 12. Potlachi 13. Salem 14. Tiruchirapalli 15. Udamalpet 16. Uthagamandalam (Ootacamund)

2. The notification shall come into force on the date of its publication in the Official Gazette.

Sd/
(Mrs. Nishi Singh)
Deputy Secretary to the Govt. of India
Notification No. 10056 (F.No.207/1/95-ITA.II)

ANNEXURE 'B'

COST INFLATION INDEX

Financial Year	Cost Inflation Index
1981-82	100
1982-83	109
1983-84	116
1984-85	125
1985-86	133
1986-87	140
1987-88	150
1988-89	161
1989-90	172
1990-91	182
1991-92	199
1992-93	223
1993-94	244
1994-95	259
1995-96	281
1996-97	305
1997-98	331
1998-99	351
1999-2000	389
2000-2001	406
2001-2002	426
2002-2003	447
2003-2004	463
2004-2005	480
2005-2006	497
2006-2007	519
2007-2008	551
2008-2009	582
2009-2010	632
2010-2011	711
2011-2012	785
2012-2013	852
2013-2014	939
2014-2015	1024

ANNEXURE 'C'

ILLUSTRATIONS

Assessment Year 2014-2015

Example 1 : The total income of a resident individual is Rs. 2,40,000. This includes long term capital gains (LTCG) of Rs. 40,000.

	Rs.
Total Income	2,40,000
Less: LTCG treated separately	40,000
	<u>2,00,000</u>
Less : Basic exemption	2,00,000
	NIL
Tax on total income other than LTCG	NIL
Tax on LTCG at flat rate of 20%	<u>8,000</u>

Example 2: Total income of a resident individual is Rs. 2,10,000 including Rs. 45,000 LTCG.

	Rs.
Total Income	2,10,000
Less :LTCG treated separately	<u>45,000</u>
Income other than LTCG	1,65,000
Less : Basic exemption	<u>2,00,000</u>
Unabsorbed basic exemption	<u>35,000</u>
Tax on total income other than LTCG	NIL

Tax on LTCG:

Amount of LTCG	45,000
Less: Unabsorbed basic exemption	<u>35,000</u>
Balance	10,000
Tax @ 20% on 10,000	<u>2,000</u>
TOTAL TAX PAYABLE	<u>2,000</u>

Example 3: Total Income of a resident individual is Rs.2,78,000 and it consists only of LTCG

Total LTCG	2,78,000
LESS : Basic exemption	<u>2,00,000</u>
	78,000
Tax on Rs. 78,000 @ 20%	<u>15,600</u>

Example 4: The total income of a resident individual is Rs.2,60,000 including LTCG Rs. 50,000.

Total Income	2,60,000
Less: LTCG treated separately	<u>50,000</u>
Total Income	2,10,000
Tax on income excluding LTCG	<u>1,000</u>
Tax on LTCG (20% of Rs. 50,000)	<u>10,000</u>
Total Tax Payable	<u>11,000</u>