



Chirag Nangia

## Long term capital loss can be set off only against long term capital gain

● I sold HDFC Hybrid Debt Fund and made ₹1,50,000 capital gains. I have made capital loss on various listed shares. Can I adjust the gain on an unlisted fund with listed shares?

—Alexander James Moraes

For tax purposes, listed shares are required to be classified as either short-term or long-term based on the period of holding. Listed equity shares or units of equity-oriented funds are classified as long-term capital assets if they are held for a period more than 12 months, else they are categorised as short-term. Likewise, debt funds are classified as short term if held for a period less than



36 months, else the same are treated as long-term. As per the provisions of the Income Tax Act, long term capital loss can only be set off against long term capital gain. However, short term capital losses can be set-

off against both short/ long term capital gain. Therefore, depending on the classification based on period of holding, you may set off losses accordingly.

● Can I claim ₹ 50 lakh tax exemption under Section 54EC and ₹ 50 lakh under Section 54EE both?

—Pankaj Gupta

An assessee can claim deduction of up to ₹50 lakh under Section 54EC, by investing gains from sale of long-term asset in specified assets like bonds of RECL/NHAI, within a period of six months, in that financial year and the next. He can claim tax exemption on such capital gains if invested in specified funds under Section 54EE up to ₹50 lakh in the financial year and the next year. As per the provisions of the law, Section 54EC and Section 54EE are not mutually exclusive. No restriction has been imposed in respect of claiming exemption under both the sections. Therefore, you may claim deduction under both sections for ₹ 50 lakh each.

● My last EPF contribution was in August 2019. I have received EPF interest for FY 2019-20. My query is will the EPF interest be taxable for the entire FY 2019-20 or will the EPF interest be taxable for the period September 2019 to March 2020 only?

—Arup Majumdar

As per a recent judicial pronouncement, interest on EPF to the extent of the amount earned post retirement has been held to be taxable. Conservatively, you may offer the amount of interest earned post retirement to tax.

The writer is director, Nangia Andersen India. Send your queries to [fepersonalfinance@expressindia.com](mailto:fepersonalfinance@expressindia.com)



Chirag Nangia

## Non-residents with no income from business to show India salary in ITR2

● I am a seafarer. I had completed my Non-Resident External account days during FY2019-20. I received my salary in my NRE account. Which ITR form should I file to claim TDS deducted from NRO account?

—Vagesh Chhabra

Non-residents, not having income from business or profession, may declare India-sourced income in ITR-2. Any excess of TDS over the final tax liability shall be refunded by the income tax department after processing the return.



● I am a regular ITR filer. In 2018-19, I sold a flat for ₹72 lakh. The buyer deducted TDS of ₹72,000 and it is reflecting in my ITR. As the property was sold for loss after indexation, the IT

department refunded this amount. AY2020-21 pre-filled ITR2 form shows the IT return inclusive of this TDS amount. My total income will increase because of the refund. Is this correct? Or can I show this amount as carry forward loss?

—Ramadoss Sekar Chandrasekaran

In the absence of facts, we shall not be able to guide you as to the inclusion of the amount of refund in the pre-filled form. However, note that the pre-filled ITRs have been provided by the I-T Department to make filing easier for taxpayers. The same may not be error-free. One must match all particulars of income, exemptions, etc. with the actual information and make corrections, if any, before submission of ITR form. Seek the services of a tax practitioner to ensure that correct particulars are submitted to the department.

● How can I get tax benefits on education loans for my son's higher education abroad?

—A K Pandey

As per Section 80E, anyone taking loan from any financial institution or approved charitable institution for pursuing higher education, whether in India or abroad, can claim deduction equivalent to the entire amount of interest paid on the borrowed sum for a consecutive period of eight years, beginning from the assessment year in which the individual has started paying the interest on loan or until the assessment year in which the interest is paid by the individual in full, whichever is earlier. The loan can be taken for the education of self, spouse, children or the student for whom the individual is the legal guardian.

The writer is director, Nangia Andersen India. Send your queries to [fepersonalfinance@expressindia.com](mailto:fepersonalfinance@expressindia.com)