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Budget 2024: Nifty Realty tanks after removal of indexation benefits; DLF top loser

Budget 2024's removal of indexation benefits for property sales caused real estate stocks to drop, with Nifty Realty constituents like DLF, Sunteck Realty, and Godrej Properties falling 4-5%. The sector's reaction highlights worries about higher tax liabilities and impact on investment returns.

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Indexation adjusts the purchase price of an investment to account for inflation, effectively reducing taxable profits. Without indexation, the taxable income from long-term capital gains increases, leading to higher tax liabilities for investors.

“This proposal may not sooth taxpayers goosebumps as the proposal, in the garb of simplification, largely skews towards heightening tax rates in certain instances,” said Sandeep Jhunjhunwala, M&A Tax Partner, Nangia Andersen LLP, regarding the overall LTCG proposals made in the Budget 2024.