

Addressing Key Concerns

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This grandfathering of the indexation benefit will not be available for property acquired before July 23 for non-resident individuals and companies, partnership firms, and limited liability partnerships (LLPs) etc.

Sitharaman is expected to move the amendments when she replies to the discussion on the bill in the Lok Sabha.

ET had first reported that these changes were under consideration on August 2.

In her July 23 budget, Sitharaman cut LTCG tax on property to 12.5% from 20%, while removing the benefit of indexation for real estate, gold and other unlisted assets acquired after April 1, 2001.

The relief will only be available for land and buildings. The amendment says that in such cases “where the income tax computed under item (B) exceeds the income tax computed in accordance with the provisions of this Act as they stood immediately before this amendment by the Finance (No 2) Act 2024, such excess shall be

ignored”.

These amendments, reviewed by ET, have been circulated to members of parliament.

The move is expected to bring some cheer to taxpayers and industry that had made a strong pitch for the grandfathering of the indexation benefit for properties acquired before July 23 and for giving taxpayers an option.

Indexation allows taxpayers to adjust the acquisition cost of these assets for inflation before computing capital gains, thereby bringing down the overall tax outgo. A Cost Inflation Index (CII) is notified by the Central Board of Direct Taxes for its computation.

There had been worries about the retroactive impact of the provision on taxpayers.

“The proposed change will provide great relief to millions of taxpayers who were left worried about higher tax outgo on prospective sale of older properties,” said Sudhir Kapadia, senior advisor, EY. “With this move, the government has really gone out of its way to provide great relief to proper-

ty owners all across.”

Sitharaman has proposed 45 amendments to the finance bill, which she moved for consideration and passage in the Lok Sabha on Tuesday.

The government has raised Rs 2.78 lakh crore from tax on LTCG in the last five years, according to the data provided to Parliament. In the 2023-24 assessment year, the Centre collected Rs 98,682 crore on LTCG, compared with Rs 86,075 crore in the 2022-23 assessment year.

The move was welcomed by Niranjan Hiranandani, chairman of the Hiranandani Group and head of the National Real Estate Development Council (Naredco).

“By enabling taxpayers to choose the lower tax burden between the new and old schemes, the amendment is poised to drive investment and enhance sales across housing segments,” he said.

CVD, INCOME

Apart from the LTCG measure, an amendment to the Customs Act has been proposed, providing for the levy of interest and

penalty on countervailing duty or special additional duty. This is aimed at correcting the situation that arose as a result of a Supreme Court judgement in a case involving Mahindra & Mahindra in 2022. Besides, for the purpose of block assessment provisions, the definition of “undisclosed income” is proposed to be amended to include incorrect claims of exemption within its purview.

According to Yogesh Kale, executive director, Nangia Andersen LLP, the definition originally included incorrect claims only of expenses, deductions or allowances, among other things.

HIDATO

FIND THE PATH - SOLVE THE PUZZLE

Complete the grid so that numbers 1 - 42 connect horizontally, vertically or diagonally.

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| 1 | | 4 | | | | 34 |
| 2 | 6 | | | 36 | 38 | |
| 8 | | 42 | | | | 31 |

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Andrews McMeel Syndication