

# July 23 cutoff set for LTCG on unlisted assets

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**New Delhi:** The government is likely to provide flexibility in the computation of long-term capital gains (LTCG) tax on unlisted assets, including properties, in the amendments proposed in Finance Bill 2024.

For any assets, such as land or buildings, sold before July 23, taxpayers can choose between the new and old regimes, opting for whichever results in a lower tax liability.

The amendment would let taxpayers select either a 12.5 per cent long-term capital gains tax rate without indexation or a 20 per cent rate with indexation for property acquired or sold before July 23.

Finance minister Nirmala Sitharaman has proposed to bring down the LTCG tax rate to 12.5 per cent from 20 per cent for property and other unlisted assets in the budget.

Indexation adjusts the purchase price of an asset for inflation, reducing the gains and ultimately the tax liability. However, in the proposed regime, the benefit of indexation

is to be scrapped for properties that were purchased on or after April 1, 2001.

Ved Jain, former president of ICAI, said: "Grandfathering being allowed in respect of long term capital gain arising on transfer land and building acquired before July 23, 2024.

"Implications of this will be that LTCG tax on transfer of land and building acquired before July 23, 2024 will be lower of tax computed under new law i.e 12.5 per cent without indexation and the tax computed under old law i.e @20 per cent after indexation."

"The above grandfathering is only for resident individual and HUF only. For non-resident individuals and company, partnership firm, LLP etc this grandfathering benefit of indexation shall not be available," Jain added.

This adjustment is among the key amendments proposed in the Finance Bill, 2024, regarding the taxation of immovable properties.

About 25 additional amendments have been proposed in the Bill.

Yogesh Kale, executive director, Nangia Andersen India, said "through the amendments proposed to the new capital gain tax regime introduced in Budget 2024, the finance minister has tried to appease the taxpayers by addressing the concerns raised to some extent".