

## ● YOUR QUERIES: INCOME TAX

# Selling old gold? Pay long-term capital gains tax on proceeds



■ NEERAJ AGARWALA

● I plan to sell some family gold as prices are high now. It was purchased by my grandfather and there are no bills. Do I have to pay any tax on the sale amount?

—D R Rao

The sale of gold jewellery is subject to tax under the head 'capital gains'. Since it was acquired by your grandfather, it is considered a capital asset and the cost of acquisition will be determined based on the fair market value (FMV) as of 01 April 2001, if purchased before this date. The holding period will be calculated from the date of purchase by your grandfather, and since it exceeds 24 months, the gains will be classified as long-term capital gains (LTCG).

The taxable capital gain will be calculated as: Sale Price – Cost of Acquisition (FMV as of April 1, 2001) = Long-Term Capital Gain (LTCG). LTCG on the sale of gold is taxed at 12.5%, plus applicable surcharge and cess. If you do not have purchase bills, valuation by a registered valuer can help determine the cost..

● I will retire next year and will

have ₹5 lakh of annual income. Will I continue to get standard deduction and exemption on interest from fixed deposit?

—Balvir Tomar

If you receive a pension from your employer, it is taxed under the head "income from salaries." Standard deduction of ₹50,000 will be available under the old tax regime and ₹75,000 will be available under the new tax regime on income from such pension. For senior citizens (aged 60 years or above), interest income from fixed deposits up to ₹50,000 per financial year is exempt under

Section 80TTB, covering interest earned from banks, post offices, and cooperative banks. If you are below 60 years, this exemption does not apply, but a deduction of up to ₹10,000 can be

claimed under Section 80TTA for savings account interest, excluding fixed deposits. However, these deductions are not available under the new tax regime. Despite this, since your annual income is ₹5 lakh, you may still benefit from the rebate under Section 87A, which provides full tax relief for individuals with taxable income up to ₹12 lakh. So, even without exemptions on interest income, you may not have any tax liability if the total income remains within the rebate limit.

*The writer is partner, Nangia & Co LLP. Send your queries to [fepersonalfinance@expressindia.com](mailto:fepersonalfinance@expressindia.com)*

