Capital Gain Deposit Account Scheme

To claim exemption under section 54, the taxpayer should purchase another house within a period of one year before or two years after the date of transfer of old house or should construct another house within a period of three years from the date of transfer. If till the date of filing the return of income, the capital gain arising on transfer of the house is not utilized (in whole or in part) to purchase or construct another house, then the benefit of exemption can be availed by depositing the unutilized amount in Capital Gains Deposit Account Scheme in any branch of public sector bank, in accordance with Capital Gains Deposit Accounts Scheme, 1988 (hereafter referred as Capital Gains Account Scheme). The new house can be purchased or constructed by withdrawing the amount from the said account within the specified time-limit of 2 years or3 years, as the case may be.

CASE 1:-

<table>
<tr><td rowspan="3">A</td><td>Purchased Residential House In April 2011</td></tr>
<tr><td>Sold On 25th April 2016</td></tr>
<tr><td>Capital Gain Arises Of Rs 200000/-</td></tr>
<tr><td rowspan="2">Exemption U/S 54</td><td>1.If He Purchases Residential House Within A Period Of One Year Before Or Two Years After The Date Of Sale</td></tr>
<tr><td>2. If He Constructs House Within A Period Of Three Years After The Date Of Sale</td></tr>
<tr><td colspan="2">He Sold His House During 2016-17,The Due Date Of Filing Return Is 31st July 2017</td></tr>
<tr><td rowspan="3">Exemption U/S 54</td><td>If He Cannot Purchase/Construct New Residential House By 31st July 2017 Then He Has To Deposit 200000/- In CGDAS-1988</td></tr>
<tr><td>This Exemption Is Only Permitted For The Year 2016-17</td></tr>
<tr><td>Only Depositing The Money In Cgdas-1988 Would Not Be Sufficient , He Has To Utilize This Fund To Purchase/Construct The Residential House Within 25 April 2018/25 April 2019(As The Case May Be Whether Purchasing/Constructing)</td></tr>
<tr><td rowspan="2">No Exemption U/S 54</td><td>If He Deposits 200000/- In CGDAS-1988 After 31st July 2017 I.E After Due Date Of Filing Return, The Exemption Will Be NIL</td></tr>
<tr><td>Suppose He Deposits 200000/- In CGDAS-1988 Before 31st</td></tr>
</table>

	July 2017 And He Takes Exemption For The Year 2016-17 But Fails To Utilize The Funds Deposited Till **25 April 2018/25 April 2019** Then 200000/- Will Be Taxed As Income By Way Of LTCG In The Year 2019-20.
	Now Suppose He Utilizes Only 100000/-Till **25 April 2018/25 April 2019 Then 100000/-(200000-100000)** Will Be Taxed As Income By Way Of LTCG In The Year 2019-20.
	Suppose He Withdrew 200000/ In April 2018 From The Scheme And Buys **Car** So Rs. 200000/ Will Be Charged To Tax As Income By Way Of Long-Term Capital Gains Of The Year Of Withdrawal, I.E ., Financial Year 2018-19.
	Suppose Anybody Sells **GOLD Or Other Then Land** Then He Is Not Liable To Take Exemption, Because This Relief Can Be Permitted On **Only And Only Buying Residential House After Selling Residential House**

MUKESH KURIYAL
SYSTEMS ANALYST