

Section 54 of the Income Tax Act

Exemptions on capital gains

Section 54	<p>Up to 31.03.2023: Exemption on LTCG on sale of residential house for buying a new residence- Applicable to individual and HUF. Applicable for purchase within 1 year before or 2 years after the transfer date or construct within 3 years period. If gain does not exceed 2 crore investment can be made in 2 houses</p> <p>From 01.04.2023: The maximum claim will be restricted to 10 crores. If cost of the new asset purchased is more than 10 crore, the cost will be deemed to 10 crore only</p>
Section 54 B	Exemption on capital gains from transfer of land used for an agricultural purpose – Agricultural land (maybe in an urban area or rural area) - Applicable to individual & HUF
Section 54 D	Compulsory acquisition of land or building forming part of industrial undertaking (which was used for industrial purposes for at least 2 years before its acquisition).
Section 54 EC	Exemption on sale of house property on reinvesting in capital gains account scheme / Bonds- Any long-term capital asset being land or Building or Both – For any assessee (NHAI bonds not available)
Section 54 EE	Within six months after the date of such transfer, if invested the whole or any part of capital gains in the long-term specified asset, the capital gain shall be exempted. Capital gain is not to be charged on investment in units of a specified fund.
Section 54 F	<p>Exemption on LTCG on sale of any asset other than a house property (vacant plot or commercial property) for buying a new residence - Applicable to individual and HUF</p> <p>Up to 31.03.2023: The amount of gain shall be exempted if the full net sale consideration is invested.</p>

	<p>If the full net sale consideration is not invested, the proportionate share of the gain exempt. Applicable for purchase within 1 year before or 2 years after the transfer date or construct within 3 years period.</p> <p>From 01.04.2023: The maximum claim will be restricted to 10 crores. So, the investment over that 10 crore will be ignored. A proviso is inserted in this section for this purpose. If cost of the new asset purchased is more than 10 crore, the cost will be deemed to 10 crore only</p> <p>Example: Net sale consideration of commercial building / plot is 15 crores. Capital gain is 8 crores. Investment of new residential house is 12 crores.</p> <p>The amount of gain exempted: $8\text{cr.} \times 10\text{cr} / 15\text{ cr} = 5.33\text{ cr.}$</p> <p>Balance taxable capital gain : $8\text{ cr} - 5.33\text{ cr} = 2.67\text{ cr}$</p>
Section 54 G	Land, building, plant or machinery, to shift industrial undertaking from urban area to rural area.
Section 54GA	Land, building, plant, or machinery, to shift industrial undertaking from an urban area to SEZ.
Section 54 GB	Residential property (house or a plot of land). Capital gain is eligible for a long term for a company.
Section 54 H	Time extension for acquiring a new asset or depositing or investing the amount of capital gain due to compulsory acquisition
Capital Gains Account Scheme 1988 (CGAS)	