

COMPUTATION

SEC-48

FORMAT OF COMPUTATION OF SHORT TERM CAPITAL GAINS

Sale consideration		xxx
<u>Less</u>		
Expenses on Transfer(Like Brokerage etc)	xxx	
Net Consideration		——
<u>Less</u> acquisition	xxx	xxx
<u>Less</u> Improvement	Xxx	xxx
Less short term Capital Gain	-----	——
		Xxx
		==

FORMAT OF COMPUTATION OF LONG TERM CAPITAL GAIN

Sale consideration		xxx
<u>Less</u>		
Expenses on Transfer(Like Brokerage etc)	xxx	
Net Consideration		_____
<u>Less</u> Indexed cost of acquisition	xxx	xxx
<u>Less</u> Indexed cost of Improvement	Xxx	xxx
Long term Capital Gain	-----	_____
		Xxx

Indexed cost of acquisition

Cost of acquisition or fair market value
as on 01-04-1981 as case may be

* Index factor for the year of
Transfer

Index factor for the year 191-82 or
For the first year in which the asset
was held by the assessee Which ever is later

***** Cost of Improvement same as cost of acquisition

In computing capital gains arising from transfer of a long term capital asset deduction can be claimed for the cost of acquisition and

cost of improvement after indexing the same.

Indexed cost of acquisition means an amount which bears to the cost of acquisition the same proportion as cost inflation index for the year in which the assets is transferred bears to the cost on inflation index for the first year in which the asset was held by the assessee or

for the year beginning on the 1st day of April 1981, which is later.

The benefit of indexation can be availed either from the year of acquisition of the asset by the assessee or from the base year 1981-82, whichever is later. If an asset is acquired prior to 01-04-1981 and if the cost is higher than market value as on 01-04-01981 then the assessee can adopt the cost and be entitled indexation

with effect from 1981-82. In the alternative, if the market value as on 01-04-1981 is higher than the cost the assessee may be choose to adopt the market value as on 01-04-1981 and entitled to indexation of such value of the asset from 1981-82.

Indexation Benefit is not available in the following cases

1. Short term Capital Assets.
2. Bonds and debentures.
3. Where option of 10% tax rate is availed u/112 Slump sale u/s50B.
4. Sale of shares by non resident.