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Only on possession, you become flat owner

If a component of LTCG is reinvested in another house in India within a stipulated period-one year prior or two years from the date of sale of the first house the taxpayer can claim a tax exemption under Section 54 of the I-T Act. The reinvestment must be made within that period, else the benefits are not available.

In this case before the tribunal, the taxpayer, Ramita Mahendra Mehta, claimed I-T deduction as she had sold her house on September 11, 2009 and bought a new house by entering into an agreement dated August 18, 2007.

The l-T officer said she did not comply with the requirement that the new house must be purchased within one year prior to transfer of the existing property. However, Mehta contended that though the purchase agreement was entered into on August18, 2007, the final possession of the new house was received only in March 2009. The date of possession must be considered for determining the 'period of eligibility. Thus, she would meet the criteria of having invested within one year prior to the transfer of the existing property (which was sold on September 11, 2009 the same year).

The tribunal recognised the issues that buyers of house properties face, especially in metropolitan cities, which could include project delays and thus delay in possession of the new house.

In its order, the ITAT said: "The buyers even after having the agreement for purchase of the new flat cannot exercise any right of ownership or their right cannot be traced to any part of the construction till such time the builder actually gives the possession of a particular flat to the buyer. Against this background of flat transactions, we are now faced with the provisions of Section 54 for granting exemption to the taxpayer, who at one point of time, enters into purchase and another point of time, takes possession and starts actual enjoyment of the flat"

Relying on previous orders of high courts, including the Bombay HC, the tribunal held that the date of final occupation should be considered for calculating the period of eligibility for deduction under section 54. In this case, it would enable the taxpayer to satisfy the requirement that the new house must be purchased within one year prior to transfer of the existinghouse.

Soon no bail, just jail if your cheque bounces

The government is preparing to amend the law to introduce stringent punishment for bounced cheques from this year, which could act as a deterrent for defaulters in a country saddled with above 1.8 million lawsuits on dishonoured cheques. The proposed changes could do away with the long-drawn process of settling disputes, even after years of litigation.

Among the suggestions being considered is to give a window - possibly 30 days for settling disputes between complainants and people whose cheques bounced. If the two parties fail to come to an understanding within that time, the defaulter could be put in jail without bail at the court's discretion. "These are among several options on the table. We will finalise the specifies shortly. To promote cashless transactions, we will not shy away from incorporating stringent provisions," said a source involved in deliberations over amendments to the negotiable instruments act, which governs cases relating to bounced cheques. Cheque bounce is a bailable offence under the current law, which enables defaulters to stay away from jail as long as the trial is on. The law stipulates imprisonment up to two years or fine that may extend up to double the dishonoured amount or both. Of the options being considered, the government could make the law.

Richest 1% of Indians now own 58.4% of wealth

The richest l% of Indians now own 58.4% of the country's wealth, according to the latest data on global wealth from Credit Suisse Group AG, the financial services company based in Zurich. Credit Suisse has published the report every year since 2010.

The share of the top 1% is up from 53% last year. In the last two years, the share of the top 1 % has increased at a cracking pace, from 49% in 2014 to 58.4% in 2016.

Does that mean the trend of the very rich getting richer is because of the Modi government? Not really. The share of the top 1% in the country's total wealth improved from 40.3% in 2010 to 49% in 2014. But the numbers do suggest that the very rich are expanding their share at a faster clip now. The richest l0% of Indians haven't done too shabbily either, increasing their share of the pie from 68.8% in 2010 to 80.7% by 2016. In sharp contrast, the bottom half of the Indian people own a mere 2.1% of the country's wealth.

Data from Credit Suisse shows that India's richest do well for themselves whichever government is in power. In 2000, for instance, the share of the richest 1 % was a comparatively low 36.8% of the country's wealth. In the last 16 years, they have increased their share from a bit more than a third to almost three-fifths of total wealth.

Now value as on 1-4-1981 is extended to 1-4-2001 for Capital Gain Tax

Under income Tax Act, 1961, for long term capital gain tax on sale of old immovable properties, the value as on 1-4-1981 was allowed to be substituted for cost of acquisition. With the recent amendment in the Income Tax Act, after passing of Finance Act 2017, this date of 1-4-1981 is replaced with 1-4-2001.

Hence with effect from 1-4-2017, if any old immovable property is sold which was acquired prior to 1-4-2001, then the cost of acquisition shall be the price at which it was acquired or the market value as on 1-4-2001 which ever is beneficial to assesee at his option.

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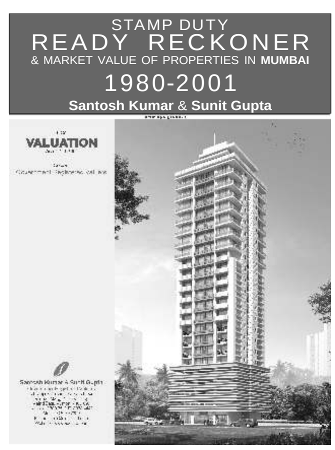

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