



**JAGATPUR P.G. COLLEGE, VARANASI**  
**(Affiliated TO M G K V P VARANASI)**



**SUBJECT : COMMERCE**

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**NAME OF THE PAPER : Ist- Paper Income Tax Law & Accounts**

**TOPIC : (i) Income From Capital Gains &**  
**Income From other Sources.**

**Key Words : Capital Gains Meaning Definition, Capital Assets**

**Types of capital Gains, Long term & short term capital gains**  
**and other Income**

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## Capital Assets

Property of any kind held by an assessee whether connected with his business or not. Capital Assets may be movable or immovable, Tangible or Intangibles, fixed capital assets includes land & building plant, machinery, investment etc.

The Income Chargeable under the Head 'Capital Gains shall be computed as under. There are two types of capital gains.

### Types of Capital Gains

(A)	(B)
Short term	Long term
Capital Gains	Capital Gains

(A) Calculation of short term Capital Gains -

Sales Proceeds	-
or	
Sales consideration	-
<b>Less- Cost of Acquisition</b>	-
(S.T.C.G.)	-

**Long term Capital Gains :** Long term capital Assets means a capital Assets held by an assessee for more than 36 months immediately preceding the Date of Transfer. Capital gain Arising from the transfer of the Long term capital Assets is called long term capital gains.

### Format of Calculation of long term Capital Gains

Sales Proceeds	-
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or

Sales consideration -

or

Selling Price -

**Less-** Selling Exp.

Legal Exp.

Net Sales Proceeds

**Less-** Indexed Cost of Acquisition

Cost of Acquisition x Cost Inflation

Index in which year the Assets is sold

Cost Inflation index the Assets was held -

**Less-** Indexed Cost of Improvement

Cost of Improvement X Cost Inflation

Index in which year the assets of sold

Cost Inflation Index in which year the

assets are improved -

(Long term Capital Gains) -

Exemption u/s 54

**Some Important Exemption are as under :**

i) Capital Gains Arising on the transfer of

property used for Residence – Sec- 54

- ii) Capital Gain Arising from the transfer of Agricultural land – Sec 54 B
- iii) Capital Gains on Compulsory Acquisition of lands as Building – Sec- 54D
- iv) Exemption from tax on long term capital gains as an Investment of the consideration in a Residential House- Sec-54F.
- v) Exemption of Capital Grains on transfer of Assets in Case of shifting of Industrial from the urban area sec- 54 G.

### **Income from other Sources**

This is the last head of Income. any income which is taxable under the Act but does not find a place under any of the First four Heads of income will be taxable under the Head Income from other sources. Some Important Income are as under which is taxable under this Head.

1. Dividends
2. Income from winning from lotteries, crossword
3. Puzzles, Race including horse Races, Cord game and other games.
4. Int. on Securities
5. Income rom Machinery, P last or Furniture but on Hire
6. Salary of a member of Parliament, M.L.C
7. Insurance commission
8. Director Fees
9. Royalty
10. Rent of Trade Mark
11. Family Pension

<b>Security - &amp; Kinds of Security</b>			
<b>There two types of Securities</b>			
<b>Government Securities</b>		<b>No Government Securities</b>	
<b>Tax free Govt. Securities</b>	<b>Less Tax Govt. Securities</b>	<b>Tax Free Non Govt. Securities</b>	<b>Less tax Non Govt. Securities</b>

**Related Question :**

- i. What is capital assets?
- ii. What is short-term capital gains?
- iii. Define long term capital gains.
- iv. What is exemption & kinds of exemptions?
- v. What is securities & kinds of Securities?

**References**

- 1) **H.C. Mehrotra- Income tax law & Accounts**
- 2) **R.K. Jain- Income Tax Law & Accounts**

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**THANK YOU**