



85. (1) Where an assessee has—

(a) long-term capital gains arising from the transfer of land or building, or both, (original asset); and

(b) within six months after the date of such transfer, invested whole or part of the capital gains in a long-term specified asset (new asset),

then, the capital gains shall be dealt with as follows:—

(i) if the capital gains exceed the investment in the new asset, the amount of capital gains as exceeds such investment shall be charged under section 67; or

(ii) if the capital gains is equal to or less than the investment in the new asset, the whole of such capital gains shall not be charged under section 67.

(2) For the purposes of sub-section (1), investment made in the long-term specified asset from capital gain arising from transfer of one or more original asset shall not exceed fifty lakh rupees,—

(a) during any tax year; or

(b) in the year of transfer of the original asset or assets and in the subsequent tax year.

(3) If the new asset is transferred or converted (otherwise than by transfer) into money within five years of its acquisition, the capital gains not charged under section 67 as per sub-section (1), shall be deemed to be income chargeable as long-term capital gains in the tax year of its transfer or conversion.

Capital gains not to be charged on investment in certain bonds.

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54EC. (1) Where the capital gain arises from the transfer of a long-term capital asset, being land or building or both, (the capital asset so transferred being hereafter in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long-term specified asset, the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—

(a) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45;

(b) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45 :

Provided that the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees :

Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.

(2) Where the long-term specified asset is transferred or converted (otherwise than by transfer) into money at any time within a period of three years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such long-term specified asset as provided in clause (a) or, as the case may be, clause (b) of sub-section (1) shall be deemed to be the income chargeable under the head "Capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into