

Capital gains: Extension of the time for eligible investments

Introduction

Section 54 to section 54GB of the income-tax Act, 1961 ('the Act') deals with the exemption of capital gains ('CG'). Accordingly, an assessee who has earned capital gains in a financial year ('FY') becomes eligible for an exemption from the CG tax if he invests the CG amount in another eligible capital asset within a specified time. The time limit for such investment, purchase, payment, acquisition, construction, as the case may be is specified in each of the above-said sections.

Extension in the date of eligible investment

On 6 January 2023 the income-tax department issued a circular extending the due dates for making the above-said investments. Thus, the compliances to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, for claiming any exemption under section 54 to 54 GB of the Act, the due date whereof fell between 1 April 2021 and 28 February 2022 (both days inclusive), may now be completed on or before 31 March 2023.

Weblink <https://incometaxindia.gov.in/communications/circular/circular-1-2023.pdf>

Therefore

In 2021 the income-tax department extended various due dates (including the extension of the time for investing in eligible capital assets) to relieve the assesseees during the pandemic. Representations were received from the assesseees who were still unable to comply with the extended due dates in 2021 due to the then-prevalent restrictions. Hence, the department has further extended the timeline for making eligible investments upto 31 March 2023, for which the original date of making investments fell between 1 April 2021 and 28 February 2022.



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