

**Finance Act, 1987**

**Section 15 - Substitution of New Section for Section 48**

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For section 48 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1988, namely :-

'48. Mode of computation and deductions. - (1) The income chargeable under the head "Capital gains" shall be computed, -

(a) by deducting from the full value of the consideration received or accruing as a result of the transfer of the capital asset the following amounts, namely :-

(i) expenditure incurred wholly and exclusively in connection with such transfer;

(ii) the cost of acquisition of the asset and the cost of any improvement thereto;

(b) where the capital gain arises from the transfer of a long-term capital asset (hereafter in this section referred to respectively, as long-term capital gain and long-term capital asset) by making the further deductions specified in sub-section (2),

(2) The deductions referred to in clause (b) of sub-section (1) are the following namely :-

(a) where the amount of long-term capital gain arrived at after making the deductions under clause (a) of sub-section (1) does not exceed ten thousand rupees, the whole of such amount;

(b) in any other case, ten thousand rupees as increased by a sum equal to, -

(i) in respect of long-term capital gain so arrived at relating to capital assets, being buildings or lands or any rights in buildings or lands or gold, bullion or jewellery, -

(A) in the case of a company, ten per cent. of the amount of such gain in excess of ten thousand rupees;

(B) in the case of any other assessee, fifty per cent. of the amount of such gain in excess of ten thousand rupees;

(ii) in respect of long-term capital gain so arrived at relating to other capital assets, -

(A) in the case of a company, thirty per cent. of the amount of such gain in excess of ten thousand rupees;

(B) in any other case, sixty per cent. of the amount of such gain in excess of ten thousand rupees :

Provided that where the long-term capital gain relates to both categories of capital assets referred to in sub-clause (i) and (ii), the deduction of ten thousand rupees shall be allowed in the following order, namely :-

(1) the deduction shall first be allowed against long-term capital gain relating to the assets mentioned in sub-clause (i);

(2) thereafter, the balance, if any, of the said ten thousand rupees shall be allowed as deduction against long-term capital gain relating to the assets mentioned in sub-clause (ii), and the provisions of sub-clause (ii) shall apply as if references to ten thousand rupees therein were references to the amount of deduction allowed in accordance with clauses (1) and (2) of this proviso :

Provided further that, in relation to the amount referred to in clause (b) of sub-section (5) of section 45, the initial deduction of ten thousand rupees under clause (a) of this sub-section shall be reduced by the deduction already allowed under clause (a) of section 80T in the assessment for the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year or, as the case may be, by the deduction allowed under clause (a) of this sub-section in relation to the amount of compensation or consideration referred to in clause (a) of sub-section (5) of section 45 and references to ten thousand rupees in clauses (a) and (b) of this sub-section shall be construed as references to such reduced amount, if any.

(3) The deductions specified in sub-section (2) shall be made also for the purposes of computing any loss under the head "Capital gains" in so far as it pertains to any long-term capital asset and, for this purposes, any reference in that sub-section to the amount of long-term capital gain arrived at after making the deductions under clause (a) of sub-section (1) shall be construed as reference to the amount of loss arrived at after making the said deductions.'

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