

Finance Act, 1987

Section 31 - Substitution of New Section for Section 74

For section 74 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1988, namely :-

'74. Losses under the head "Capital gains". - (1) Where in respect of any assessment year, the net result of the computation under the head "Capital gains" is a loss to the assessee and such loss cannot be or is not wholly set off against income under any other head of income in accordance with the provisions of section 71, so much of the loss as has not been so set off or, where he has no income under any other head, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year, and -

- (a) it shall be set off against income, if any, under the head "Capital gains" assessable for that assessment year; and
- (b) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year, and so on.

(2) No loss shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.

(3) Any loss computed under the head "Capital gains" in respect of the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year which is carried forward in accordance with the provisions of this section as it stood before the 1st day of April, 1988, shall be dealt with in the assessment year commencing on the 1st day of April, 1988, or any subsequent assessment year as follows :-

- (a) in so far as such loss relates to short-term capital assets, it shall be carried forward and set off in accordance with the provisions of sub-sections (1) and (2);
 - (b) in so far as such loss relates to long-term capital assets, it shall be reduced by the deductions specified in sub-section (2) of section 48 and the reduced amount shall be carried forward and set off in accordance with the provisions of sub-section (1) but such carry forward shall not be allowed beyond the fourth assessment year immediately succeeding the assessment year for which the loss was first computed.'
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