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Finance Act 1970

Section 11 - Amendment of Chapter Iv-e Relating to Capital Gains

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In Chapter IV-E of the Income-tax Act, -

(a) in section 45, for the words and figures "sections 53 and 54", the words, figures and letter "sections 53, 54 and 54B" shall be substituted;

(b) in section 47, after clause (vii), the following clause shall be inserted, namely :-

"(viii) any transfer of agricultural land in India effected before the 1st day of March, 1970.";

(c) after section 54A, the following section shall be inserted, namely :-

"54B. Capital gain on transfer of land used for agricultural purposes not to be charged in certain cases. - Where the capital gain arises from the transfer of a capital asset being land which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee or a parent of his for agricultural purposes, and the assessee has, within a period of two years after that date, purchased any other land for being used for agricultural purposes, then, instead of the capital gain being charged to income-tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say, -

(i) if the amount of the capital gain is greater than the cost of the land so purchased (hereinafter referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under Section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be nil; or

(ii) if the amount of the capital gain is equal to or less than the cost of the new asset the capital gain shall not be charged under Section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be reduced by the amount of the capital gain.".

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