

LEARNERS VERSION

TAX VALUATION

**INTENSIVE EDUCATIONAL PROGRAM
2024**

R JAYARAMAN

INTENSIVE EDUCATIONAL PROGRAM 2024

WORKSHOP ON CAPITAL GAINS &

COST OF CONSTRUCTION

OCTOBER 2024

**CAPITAL GAIN TAX
FOR IMMOVABLE PROPERTIES**

MINISTRY OF LAW AND JUSTICE

(Legislative Department)

The following Act of Parliament received the assent of the President on the 16th August, 2024 and is hereby published for general information:

THE FINANCE (No. 2) ACT, 2024
No. 15 of 2024 [16th August, 2024.]

CHAPTER III
DIRECT TAXES
INCOME-TAX

1. Amendment of section 2.

In section 2 of the Income-tax Act,—

(a) in clause (22), with effect from the 1st day of October, 2024,— (i) after sub-clause (e) and before the long line, the following sub-clause shall be inserted, namely:—

(b) in clause (42A), with effect from the 23rd day of July, 2024,—

(i) in the opening portion, for the words “thirty-six months”, the words “twenty-four months” shall be substituted and shall be deemed to have been substituted;

2. Amendment of section 47.

In section 47 of the Income-tax Act, for clause (iii), the following clause shall be substituted with effect from the 1st day of April, 2025, namely:—

“(iii) any transfer of a capital asset by an individual or a Hindu undivided family, under a gift or will or an irrevocable trust;”.

3. Amendment of section 48.

In section 48 of the Income-tax Act, in the second proviso, after the words “where long-term capital gain arises from the transfer”, the brackets, words, figures and letters “(which takes place before the 23rd day of July, 2024)” shall be inserted and shall be deemed to have been inserted with effect from the 23rd day of July, 2024.

4. Amendment of section 112.

In section 112 of the Income-tax Act, in sub-section (1), for the clauses (a), (b), (c), (d) and the first proviso, the following shall be substituted and shall be deemed to have been substituted with effect from the 23rd day of July, 2024, namely:—

“(a) in the case of an individual or a Hindu undivided family, being a resident,—

(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and

(ii) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause (ii):

Provided further that in the case of transfer of a long-term capital asset, being land or building or both, which is acquired before the 23rd day of July, 2024, where the income-tax computed under item (B) exceeds the income-tax computed in accordance with the provisions of this Act, as they stood immediately before their amendment by the Finance (No. 2) Act, 2024, such excess shall be ignored;

(b) in the case of a domestic company,—

(i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(ii) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

(d) in any other case of a resident,—

(i) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income; and

(ii) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset which takes place before the 23rd day of July, 2024, being listed securities (other than a unit) or zero coupon bond, exceeds ten per cent. of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.”.

5. Amendment of section 194-IA (2) - For TDS @ 1% on immovable property's sales

Applicable from October 01, 2024 / AY-2025-26

(i) Now clarified that threshold limit INR 50 lakhs for TDS @ 1% is to apply on aggregate amount paid or payable(any) by 100% transferees to 100% transferors against 1 immovable property under section 194-IA(2) of ITA,1961

(ii) Hence clarified that above-mentioned threshold limit is applicable for 1 property beside multiple transferees and / or multiple transferors are existed.

MINISTRY OF FINANCE

(Department Of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 24th May, 2024

INCOME-TAX

S.O. 2103(E).— In exercise of the powers conferred by clause (v) of the *Explanation* to section 48 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following further amendments in the notification of the Government of India, Ministry of Finance (Department of Revenue), Central Board of Direct Taxes published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) number S.O. 1790(E), dated the 5th June, 2017, namely:-

In the said notification, in the Table, after serial number 23 and the entries relating thereto, the following serial number and entries shall be inserted, namely:-

Table

Sl. No.	Financial Year	Cost Inflation Index
(1)	(2)	(3)
“24	2024-25	363”

2. This notification shall come into force with effect from the 1st day of April, 2025 and shall accordingly apply in relation to the assessment year 2025-26 and subsequent assessment years.

[F. No. 44/2024/F.No.370142/10/2024-TPL]

PANKAJ JINDAL, Jt. Secy.

Note: - The principal notification was published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) *vide* number S.O. 1790(E), dated the 5th June, 2017 and was last amended by notification number S.O 2571(E), dated the 12th June, 2023.

Case study1

A vacant land 2400 square feet was purchased in May 1994 and purchase price was Rupees 36,000 and the guideline value was Rupees 79200 on the date of purchase in 1994.

As on 01.04.2001 the guideline value was Rupees 40 per sqft. A building of 1000 square feet was constructed in 1995.

The prevailing buying rate by the buyer is Rupees 2750 per square foot and full payment is made through bank transfer. The sale deed was executed on 16.07.2024.

Notes: As per the amendment in the Finance Act (2) 2024, any resident individual/ HUF (not for assessee like domestic companies or non – residents) who has acquired a property on or before 22nd July 2024, and transfers it on or after the said date, he can compute the tax as per the old provisions (20% with Indexation) as well as the new provisions (12.5% without indexation). If the tax payable as per the new provisions exceeds the tax as per the old provisions, the excess shall be ignored.

Facts collected	
Assessee status	Resident Individual
Date of sale	16.07.2024
Date of acquisition	May1994 (FY1994-95)
Acquisition cost	Rs 36,000
Guideline value as on 01.04.2001	Rs 40 per sqft
vacant land area	2400 sq ft
Constructed building area	1000 sq ft
Year of construction	May1995 (FY1995-96)

Computation of capital gain as adopted on old regime	
Indexed Cost of acquisition as on 01.04.2001(FMV) ((2400 sq ft x Rs 40 per sq foot) x 363/100)	Rs 3,48,480
Indexed Cost of improvement as on 01.04.2001(FMV)	Rs 18,15,000

((1000 sq ft x Rs 500 per sq foot) x 363/100)	
Fair market value on the date of sale	Rs 21,63,480
Gross Sale Consideration (2400 sq ft x Rs 2750 / sq ft)	Rs 66,00,000
Less: Transfer expenses (brokerage paid @1%)	(-) Rs 66,000
Net Sales Consideration	Rs 65,34,000
Less: Fair market value on the date of sale	Rs 21,63,480
Long Term Capital Gain	Rs 43,70,520
Capital gain tax as per old regime including cess	20.80%
Capital gain tax (Rs 43,70,520 x 20.80%)	Rs 9,09,068

Computation of capital gain as adopted on new regime	
Cost of acquisition as on 01.04.2001(FMV) (2400 sq ft x Rs 40 per sq foot)	Rs 96,000
Cost of improvement as on 01.04.2001(FMV) ((1000 sq ft x Rs 500 per sq foot)	Rs 5,00,000
Fair market value on the date of sale	Rs 5,96,000
Gross Sale Consideration (2400 sq ft x Rs 2750/ sq ft)	Rs 66,00,000
Less: Transfer expenses (brokerage paid @1%)	(-) Rs 66,000
Net Sales Consideration	Rs 65,34,000
Less: Fair market value on the date of sale	Rs 5,96,000
Capital Gain	Rs 59,38,000
Capital gain tax as per new regime including cess	13.00 %
Capital gain tax (Rs 59,38,000 x 13.00%)	Rs 7,71,940
Remarks: Here in this case, it can be observed that tax is higher in the old regime	

Case study.2

Property now sold at Rupees 13.00 Crores on 20.07.2024. 4800 square feet of vacant land purchased for Rupees 9.50 lakhs in June 1995 and the assessee constructed the 4950 square feet of building in November 1996.

Guideline Value as on 01.04.2001 was Rupees 2022 per square foot, The building Fair market value as on 01.04.2001 was Rupees 38.61 lakhs including services with amenities valued at Rupees 6 lakhs.

Option 1: If in case, he is not going to reinvest under section 54 towards buying a new property, what will be capital gain tax implications?

Facts collected	
Assessee status	Resident Individual
Date of sale	20.07.2024
Date of acquisition	June 1995 (FY 1995-96)
Acquisition cost	Rs 9,50,000
Guideline value as on 01.04.2001	Rs 2022 per sq ft
vacant land area	4800 sq ft
Constructed building area	4950 sq ft
Year of construction	Nov 1996 (FY 1996-97)

Computation of capital gain as adopted on old regime	
Indexed Cost of acquisition as on 01.04.2001 (FMV) ((4800 sq ft x Rs 2022 per sq foot) x 363/100)	Rs 3,26,10,816
Indexed Cost of improvement as on 01.04.2001 (FMV) ((4950 sq ft x Rs 780 per sq foot) x 363/100)	Rs 38,61,000
Fair market value on the date of sale	Rs 3,64,71,816
Gross Sale Consideration	Rs 13,00,00,000
Less: Transfer expenses (brokerage paid @1%)	(-) Rs 13,00,000
Net Sales Consideration	Rs 12,87,00,000

Less: Fair market value on the date of sale	Rs 3,64,71,816
Long Term Capital Gain	Rs 9,22,28,184
Capital gain tax as per old regime including cess	20.80%
Capital gain tax (Rs 9,22,28,184 x 20.80%)	Rs 1,91,83,462

Computation of capital gain as adopted on new regime	
Cost of acquisition as on 01.04.2001(FMV) (4800 sq ft x Rs 2022 per sq foot)	Rs 97,05,600
Cost of improvement as on 01.04.2001(FMV) ((4950 sq ft x Rs 780 per sq foot)	Rs 38,61,000
Fair market value on the date of sale	Rs 1,35,66,600
Gross Sale Consideration	Rs 13,00,00,000
Less: Transfer expenses (brokerage paid @1%)	(-) Rs 13,00,000
Net Sales Consideration	Rs 12,87,00,000
Less: Fair market value on the date of sale	(-) Rs 1,35,66,600
Long Term Capital Gain	Rs 11,51,33,,400
Capital gain tax as per new regime including cess	13.00 %
Capital gain tax (Rs 11,51,33,,400 x 13.00%)	Rs 1,49,67,342

Option 2: The assessee plans to reinvest Rupees 6,00,00,000 under **section 54** towards buying a new property, what will be capital gain tax implications?

Capital gain	Old Regime	New Regime
LTCG	Rs 9,22,28,184	Rs 11,51,33,,400
Exemption u/s 54	(-) Rs 6,00,00,000	(-) Rs 6,00,00,000
Balance CG amount	Rs 3,22,28,184	Rs 5,51,33,400
Capital gain Tax Rate	20.80%	13%
Capital gain Tax	Rs 67,03,462	Rs 71,67,342

Option 3: The assessee plans to reinvest Rupees 50,00,000 under **section 54EC** towards buying a 54EC capital gain bonds, what will be capital gain tax implications?

Capital gain	Old Regime	New Regime
LTCG	Rs 9,22,28,184	Rs 11,51,33,,400
Exemption u/s 54EC	(-) Rs 50,00,000	(-) Rs 50,00,000
Balance CG amount	Rs 8,72,28,184	Rs 11,01,33,400
Capital gain Tax Rate	20.80%	13%
Capital gain Tax	Rs 1,81,43,462	Rs 1,43,17,342

ABSTRACT

LTCG	investment under IT Section for Exemption claim	investment Amount for Exemption claim	Old regime CG Tax payable in Rupees	New regime CG Tax payable in Rupees	Preferable Regime
Option 1	-	-	1,91,83,462	1,49,67,342	New
Option 2	54(1)	600 lakhs	67,03,462	71,67,342	Old
Option 3	54EC	50 lakhs	1,81,43,462	1,43,17,342	New

Remarks:

1. In this case, it can be observed that tax paid is higher in the old regime than the new regime
2. Available balance cash flow in the case of adopting new regime procedure will be more (ie) Rs 11,51,33,,400- Rs 9,22,28,184 = Rs 2,29,05,216 before paying capital gain tax
3. Available balance cash flow in the case of adopting new regime procedure will be after paying capital gain tax Rs 10,01,66,058- Rs 7,30,44,722 = Rs2,71,21,336

ANSWERS TO FREQUENTLY ASKED QUESTIONS

01: Mr 'A' owns a property worth of Rs 55.00 lakhs and till now he is enjoying the property
Whether Mr 'A' is attracted to capital gains? **No**

02: A buyer purchases one of the 20 flats constructed by a flat promoter. What will be the asset taxation rules for both buyer/ seller and how they are taxed under IT Act?

For the flat promoter (seller) this flat is held	stock-in- trade
For the buyer this flat is termed as	capital asset
On flat sale the flat promoter will be paying	income tax
On flat sale in future the Assesse will pay	capital gain

03: A property dealer, purchased a flat for resale from an Assesse in April 2019 for Rs. 84.00 lakhs, was sold by him in December 2019 for Rs. 100.00 lakhs. How the property dealer will be charged under taxation rules?

Property status - assessee before sale	Capital asset
Property status - property dealer after sale	Stock-in-trade
Whether the dealer is liable to tax?	Yes
The gain will be treated under taxation as?	Business Income

04: An Assesse purchased a vacant land of 1.00 acre in his individual status. He started a real estate business and he transfers this property as a stock in trade in his firm and developed it on flat promotion. Whether he is subjected to capital gain?

Property status before sale	Capital asset
Whether property conversion is possible?	Yes
How the transfer can be made?	Registered deed / Book of Accounts
Property status after conversion	Stock-in-trade
Whether he is liable to tax on transfer?	Yes
On what taxation rule will be charged?	Capital gain
On what date he is liable to tax?	On the conversion date
On the sale, what taxation rule will apply on the stock-in-trade?	Business Income

05: (Building lease) An Assessee has leased out a vacant land to a Lessee for 30 years and the Lessee developed a commercial complex. The lease covenant indicates that on the expiry of the lease period, the Lessor will be getting back the land and depreciated cost of the building of Rupees 7 lakhs, at free of cost. Whether the Lessor will be subjected to tax towards the building?

Property status to the lessor	Capital asset
Lessor right & interest	Ground rent + building at the end of lease period expiry at free of cost
Lessee right & interest	To construct the building, receive rent and on lease period expiry surrender the building at free of cost
The building is transferred according to law	By sale deed / lease deed cancellation
Lessee will pay tax on the transfer of the building	Capital gain
Lessor will be adding the building value as a	Capita asset

07: Mr 'X' bequeathed his ancestral property of 5.00 acres of land and distribute a portion (2.50 acres) of the property to his brother through settlement deed and the balance portion of 2 acres equally to his sons through a will Further, he gifted his property owned by him purchased through his earnings to his daughter. Whether all assets are considered as a transfer under IT Act?

Property status	Capital asset
Total extent of ancestral property	5.00 Acres
Brother's share under settlement deed	2.50 Acres
Mode of Transfer	settlement deed
Balance extent of the property	2.50 Acres
1 st Son's share	1.25 Acres
2 nd Son's share	1.25 Acres
Mode of Transfer	Will
Mode of the Daughter's property transfer	Gift deed
Whether settlement deed is a transfer	Under IT Act –no
Whether will is a transfer	Under IT Act – no
Whether gift deed is a transfer	Under IT Act – no

Under what IT section the above are not regarded as transfers	section 49 (i) & section 47
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08: One flat was gifted by the father to his son in the year April 2015. The son has sold the flat in March 2017. On perusal of parent documents, it was seen that the father himself has acquired through succession certificate in September 2006 on the demise of his father (son's grandfather). The son's grandfather had purchased the flat in June 1990. Which year will be considered for the cost of acquisition to the son?

Property status	Capital asset
Grandfather purchased date the flat in	June 1990 (FY 1990-91)
Death year of grand father	September 2006 (FY 2006-07)
Way of acquisition by father	succession certificate (Legal Heir certificate)
Way of acquisition by son	Gift deed
Way of Acquisition year by son	April 2015 (FY 2015-16)
Holding period calculated from year	June 1990 (Previous owner) Section 49
Sale year of the flat	March 2017 (FY 2016-17)

09: Mr 'A' purchased the flat in the year April 1996. He gifted the flat to B (son) in on May 2010. The son 'B' made modifications in the flat in the year July 2013. He has sold the flat in March 2017. Which year is considered as the acquisition year of the flat?

Part 1 – Holding period for Acquisition by father Mr 'A'	
Property status	Capital asset
Sale of the flat	March 2017 (FY 2016-17)
Acquisition year of father Mr 'A'	April 1996 (FY 1996-97)
Holding period derived from	April 1996 (FY 1996-97)
Part 2 – Holding period for Converted Asset or Improved asset	
Transfer from Mr A to son Mr B by	Gift deed - May 2010 (FY 2010-1)
Year of Improvement made by son Mr B	July 2013 (FY 2013-14)
Holding period for Improvement derived from	July 2013 (FY 2013-14) to March 2017 (FY 2016-17)

10: Mr. 'A' is a salaried employee. In April 2011, he purchased a piece of land and sold the same in August 2014. What is the type of capital asset (long or short)?

Property status	Capital asset
Sale year	August 2014 (FY 2014-15)
Acquisition year	April 2011 (FY 2011-12)
Holding period	38 months
Permissible holding period	36 months
Capital asset status	Long term capital asset

11: Mr. 'C' in July 2016, purchased a piece of land and sold the same in August 2018.
What is the type of capital asset (long or short)?

Property status	Capital asset
Sale year	August 2018 (FY 2018-19)
Acquisition year	July 2016 (FY 2016-17)
Holding period	26 months
Permissible holding period	24 months
Capital asset status	Long term capital asset

12: Mr. 'B' in April 2018, purchased a piece of land and sold the same in December 2019.
What is the type of capital asset (long-term or short-term)?

Property status	Capital asset
Sale year	December 2019 (FY 2019-20)
Acquisition year	April 2018 (FY 2018-19)
Holding period	20 months
Permissible holding period	24 months
Capital asset status	Short term capital asset

13: Mr 'A' acquired the property in the year January 1975 (before 01.04.1981) with land and building and gifted the property to Mr 'B' (assessee) in December 2016. The assessee sold the property in January 2017. Which CII is permitted for indexation for computation of capital gains?

Property status	Capital asset
Acquisition year	January 1975 (Pervious Owner)
Transfer through gift to Mr 'B'	December 2016 (FY 2016-17)
Sale year	January 2017 (FY2016-17)
Gift for holding period is taken in IT Act	Gift is not treated as transfer
Holding period	From Jan 1975 to Jan 2017
Permissible holding period	More than <u>24 months</u>
Capital asset status	Long term capital asset
Whether indexation permitted for a Long term capital asset	Yes
Whether indexation permitted for a short term capital asset	No
Permitted indexation	New CII

Cost of acquisition

14: Mr. 'A' purchased a vacant land of 3000 square feet in 1997 with a sale consideration of Rs 18,00,000. He obtained a legal opinion for the vacant land before purchase and he paid the advocate Rs 500 as his legal fees. He paid a brokerage of 1% of the sale consideration value. For registering the property he has spent 10% on purchase of stamp and for registration he spent 1% on the stamp duty value. What is the cost of acquisition for Mr.' A'?

Sale consideration paid	Rs 18,00,000
Stamp charges paid -- %)	Rs 1,80,000
Registration charges ---- %	Rs 18,000

Brokerage ----- %)	Rs 18,000
Legal expenses	Rs 500
Expenses in case an asset is acquired by gift, will, succession or inheritance, or settlement	Before sale - Buyer will not incur any expenditure. However, Seller will be spending the amount for these items.
Cost of acquisition	Rs 20,16,500

Cost of improvement

15: Mr. 'A' on the purchase of the vacant land, he constructed a ground and first floor house in 2004 for Rupees 15,00,000. For regularisation of plot he paid Rupees 50,000. He spent Rupees 10,000 towards plan approval and for supervisory charges he paid Rupees 15,000, He incurred Rupees 10,000 towards water supply connections, Rupees 10,000 for underground sewage connections and spent for bore-well installation of Rupees 50,000. He settled a litigation on intrusion on his property by an encroacher for Rupees 2,00,000 (cash receipt is enclosed herewith). All the above are substantiated by proper vouchers, bills and invoices. What is the cost of improvement?

I. Expenditure of a capital nature in making the improvement	
a) Building construction cost	Rs 15,00,000
b) Plan approval cost	Rs 10,000
c) Supervisory charges	Rs 15,000
d) Bore-well installation	Rs 50,000
II. Betterment charges	
a. Regularization of plot paid	Rs 50,000
b. Water supply connection	Rs 10,000
c. Underground sewage connection	Rs 10,000
III. Litigation on encroachment	Rs 2,00,000
Cost of Improvement	Rs 18,45,000

16: Mr 'X' purchased a property for Rs 20.00 lakhs in December 1999. He sold the property in January 2003. What will be the indexed cost of acquisition?

Property status	Capital asset
Acquisition year	December 1999 (FY 1999-2000)
Sale year	January 2003 (FY 2002-03)
Holding period	<u>37 / 38 /39 months</u> (depending the date)
Permissible holding period	36 months
Capital asset status	Long term capital asset
Permitted indexation	Old Cost Inflation Index (Old CII)
Acquisition cost	Rs 20,00,000
CII for 1999 -2000 (Acquisition year)	389
CII for 2002-2003 (Sale year)	447
Indexed cost of acquisition (20,00,000 x 447 / 389)	Rs 22,98,200

17: On 10.10.2004, Mr. X acquired a property consisting of 3,000 sq. ft. of plot and 4,500 sq. ft. of building in Chennai for a cost of Rs. 60,00,000. On 06.04.2017, he sold his property for a sale consideration of Rs. 1,50,00,000. What is capital gain?

Acquisition of land & building	
Property status	Capital asset
Acquisition year	10.10.2004 (FY 2004-05)
Sale year	06.04.2017 (FY 2017-18)
Holding period	More than 24 months
Permissible holding period	24 months
Capital asset status	Long term capital asset
Permitted indexation	New Cost Inflation Index (New CII)
Acquisition cost for L & B	Rs 60,00,000
CII for (FY 2004-05) (Acquisition year)	113
CII for (FY 2017-18) (Sale year)	272

Indexed cost of acquisition (60,00,000 x 272 / 113)	Rs 1,44,42,478
ABSTRACT	
Sale consideration price	Rs 1,50,00,000
Less: Indexed cost of acquisition	(-) Rs 1,44,42,478
Capital gain	Rs 5,57,522

18: In FY 2014-15, an Assessee acquires a vacant land property in Chennai for Rs. 60 lakhs. In FY 2017-18, he has made improvements by constructing a building at the cost of Rs 25 lakhs. The same was sold in FY 2020-21 for Rs 1.40 crores. What will be the Indexed Cost of Acquisition and Indexed cost of improvement?

Acquisition of land	
Property status	Capital asset
Acquisition year	FY 2014-15
Year of Improvement	FY 2017-18
Sale year	FY 2020-21
Holding period	More than 24 months
Permissible holding period	24 months
Capital asset status	Long term capital asset
Permitted indexation	New Cost Inflation Index (New CII)
Acquisition cost	Rs 60,00,000
CII for FY 2014-15 (Acquisition year)	240
CII for FY 2020-21 (Sale year)	301
Indexed cost of acquisition 60,00,000 x 301/ 240	Rs 75,25,000
Improvement	
Improvement cost	Rs 25,00,000

Year of Improvement	FY 2017-18
CII as on FY 2017-18	272
CII as of the date of sale (FY 2020-21)	301
Indexed cost of Improvement	Rs 27,66,544
Abstract	
Indexed cost of acquisition	Rs 75,25,000
Indexed cost of Improvement	Rs 27,66,544
Indexed cost of acquisition & Improvement	Rs 1,02,91,544
Capital gain	
Sale consideration price	Rs 1,44,00,000
Indexed cost of acquisition	(-) Rs 1,02,91,544
Capital gain	Rs 37,08,456

19: On 12.12.2010, the property was acquired by Mr. Y for Rupees 75.28 lakhs. On 20.12.2018, the same was sold for Rupees 1.21 crores. What is the taxable capital gain?

Acquisition of land & building	
Property status	Capital asset
Acquisition year	12.12.2010 (FY 2010-11)
Sale year	20.12.2018 (FY 2018-19)
Holding period	More than 24 months
Permissible holding period	24 months
Capital asset status	Long term capital asset
Permitted indexation	New Cost Inflation Index (New CII)
Acquisition cost for L & B	Rs 75,28,000
CII for FY 2010-11 (Acquisition year)	167

CII for (FY 2018-19) (Sale year)	280
Indexed cost of acquisition 75,28,000 x 280 / 167	Rs 1,26,21,796
ABSTRACT	
Sale consideration price	Rs 1,21,00,000
Indexed cost of acquisition	(-) Rs 1,26,21,796
Capital loss	(-) Rs 5,21,796
It is a capital gain / loss	

20: A flat was purchased in May 1981 for Rs. 2,40,000/-. In June 2001, as a gift from his uncle, the assessee received this flat having an area of 80 sq.m.

The assessee has made improvements in the flat in August 2005 for Rs. 15,00,000/-.

He sold this flat in July 2018 for Rs. 2,00,00,000/- .

He incurred on sale, Society transfer charges Rs. 50,000/- and the brokerage charges Rs. 1,00,000/-.

The ready reckoner rate of flat as of 2001 is Rs. 40,000/ sq.m. Compute capital gain?

Acquisition of land & building	
Property status	Capital asset / Stock-in-trade
Acquisition year	May 1981 (FY 1981-82)
Gift transfer from uncle	June 2001 (FY 2001-02)
Gift for holding period is taken in IT Act	Yes / No
Sale year	July 2018 (FY 2018-19)
Holding period	More than 37 years
Permissible holding period	24 months
Capital asset status	Long term
Permitted indexation	Since flat is sold after 01.04.2017 – New CII

Acquisition cost for L & B	Rs 2,40,000
Note: The property was purchased in the year 1981. The year of sale is 2018. Hence, the Base Year for computing capital gain is from 01.04.2001. So we, have to find the fair market value as of 01.04.2001.	
Base Year for computing capital gain for the flat sold in July 2018 (FY 2018-19)	01.04.2001 (FY 2001-02)
Area of the flat	80 sqm
Ready reckoner rate for the flat as on 01.04. 2001	Rs 40,000 / sqm
FMV as on 01.04.2001 OR Deemed acquisition cost as on 01.04.2001 - 80 sq.m X Rs. 40,000/ sq.m	Rs 32,00,000
CII. 2001-02 (Deemed acquisition)	100
CII for (FY 2018-19) (Sale year)	280
Indexed cost of acquisition	Rs 89,60,000
Improvement	
Improvement cost	Rs 15,00,000
Year of Improvement	August 2005 (FY 2005-06)
CII as on FY 2005-06	117
CII as of the date of sale (FY 2018-19)	280
Indexed cost of Improvement	Rs 35,89,744
Indexed cost of acquisition & Improvement	
Indexed cost of acquisition Rs 32,00,000 x 280/100	Rs 89,60,000
Indexed cost of Improvement Rs 15,00,000 x 280/117	Rs 35,89,744
Total Fair Market Value of the flat	Rs 1,25,49,744
ABSTRACT	
Gross Sale consideration	Rs 2,00,00,000
Deduction	

Society transfer charges Rs. 50,000	(-) Rs. 50,000
Brokerage paid Rs. 1,00,000	(-) Rs. 1,00,000
Net Sale consideration	Rs 1,98,50,000
Less: Indexed cost of acquisition	(-) Rs 1,25,49,744
Capital gain	Rs 73,04,256

21: The sale consideration in the purchase (cost of acquisition) document of 2004 was Rs 1.50 lakhs, but the guideline value as reported in the (cost of acquisition) document (stamp duty value) was Rs 1.80 lakhs. The property was sold in April 2017. Which acquisition cost has to be considered and indexed for computing capital gain?

sale consideration as per document	Rs 1.50 lakhs
Stamp duty value	Rs 1.80 lakhs
Registration dept will register for	Rs 1.80 lakhs
Deemed acquisition cost	Rs 1.80 lakhs

22: The sale consideration in the purchase (cost of acquisition) document of 2010 was Rs 1.80 lakhs. But the guideline value as reported in the (cost of acquisition) document (stamp duty value) was Rs 1.50 lakhs. The property was sold in April 2017. Which acquisition cost has to be considered and indexed for computing capital gain?

sale consideration as per document	Rs 1.80 lakhs
Stamp duty value as per document	Rs 1.50 lakhs
Registration dept will register for	Rs 1.80 lakhs
Deemed acquisition cost	Rs 1.80 lakhs

25: In 2001-02 the acquisition cost of land was Rs. 1,00,000. The land was compulsorily acquired and the full value of consideration decided by the Government was Rs. 15,00,000 in F.Y. 2019-20. However, received on the first instance in 2019-20 is Rs. 9,00,000. In such case how to compute the capital gain?

Full Value of Consideration	Rs. 15,00,000
Part Consideration received in 2019-20	Rs. 9,00,000
Cost of acquisition	Rs. 1,00,000
Year of acquisition	FY 2001-02
CII for 2001-02 (Acquisition Year)	100
CII for 2019-20 (Compensation received year)	289
Indexed cost of acquisition = $1,00,000 \times 289/100$	Rs 2,89,000
Less: captivating the proportionate amount of indexed cost Formula = Indexed cost of acquisition X $\frac{\text{proportionate amount}}{\text{Full consideration}}$ $Rs\ 2,89,000 \times Rs.\ 9,00,000 / Rs.\ 15,00,000$	Rs 1,73,400
Capital Gain	Rs 1,15,600

Section 50C

28: A property was sold for a sale consideration for Rs 100.00 lakhs, whereas the stamp duty value as assessed by the registration department was Rs 125 00 lakhs, sold in June 2018. Whether Section 50 C is applicable?

Date of sale	June 2018 (FY 2018-19)
Stamp duty value as per document	Rs 125. 00 lakhs
Allowable % for sale consideration	105 %
Allowable sale consideration value	$Rs\ 125.00\ lakhs / 105\% = 119.05\ Lakhs$
Actual sale consideration as per document	Rs 100.00 lakhs
Difference on 105% on SDV over	$119.05\ Lakhs - Rs\ 100.00\ lakhs$ $= Rs\ 19.05\ lakhs$
Under section 50 C, deemed sale value	Rs 125. 00 lakhs
For capital gain, what is the FMV	Rs 125. 00 lakhs
For registration what will be SDV	Rs 125. 00 lakhs
Section 50C is enforceable on this case	

29: A property was sold for a sale consideration for Rs 120.00 lakhs, whereas the stamp duty value as assessed by the registration department was Rs 125.00 lakhs, sold in March 2019. Whether Section 50 C is applicable?

Date of sale	March 2019 (FY 2018-19)
Stamp duty value as per document	Rs 125.00 lakhs
Allowable % for sale consideration	105 %
Allowable sale consideration value	Rs 125.00 lakhs/ 105%= 119.05 Lakhs
Actual sale consideration as per document	Rs 120.00 lakhs
Difference on 105% on SDV over	119.05 Lakhs- Rs 120.00 lakhs =(-) 0.95 lakhs
Under section 50 C, deemed sale value	Rs 120.00 lakhs
For capital gain, what is the FMV	Rs 120.00 lakhs
For registration what will be SDV	Rs 125.00 lakhs
Section 50C cannot be enforced	

30: The sale consideration on the transfer of the property, is Rs 125 lakhs in December 2020. The stamp duty value is Rs 135 lakhs. Whether Section 50 C applicable?

Date of sale	December 2020 (FY 2020-21)
Stamp duty value as per document	Rs 135.00 lakhs
Allowable % for sale consideration	110 %
Allowable sale consideration value	Rs 125.00 lakhs/ 110%= 122.73 Lakhs
Actual sale consideration as per document	Rs 125.00 lakhs
Difference on 110% on SDV is less	122.73 Lakhs- Rs 125.00 lakhs =(-) 2.27 lakhs
Under section 50 C, deemed sale value	Rs 125.00 lakhs
For capital gain, what is the FMV	Rs 125.00 lakhs

For registration what will be SDV	Rs 135. 00 lakhs
Section 50C cannot be enforced	

31. A new primary (first) sale of residential units property was sold by a real estate promoter for a sale consideration for Rs 109.00 lakhs, whereas the stamp duty value as assessed by the registration department was Rs 130 00 lakhs, sold in December 2020. Whether Section 50 C applicable?

Date of sale	December 2020 (FY 2020-21)
Stamp duty value as per document	Rs 130 00 lakhs
Allowable % for sale consideration	120%
Allowable sale consideration value	Rs 130. 00 lakhs/ 120%= 108.33 Lakhs
Actual sale consideration as per document	Rs 109.00 lakhs
Difference on 120% on SDV is less	130 Lakhs- Rs 108.33 lakhs =(-) 21.67 lakhs
Under section 50 C, deemed sale value	Rs 109.00 lakhs
For capital gain, what is the FMV	Rs 109.00 lakhs
For registration what will be SDV	Rs 130 00 lakhs
Section 50C cannot be enforced	

33: Full Value of Consideration under u/s 50C, 56 (2) (X)				
No.	Sale Value (SV)	Stamp duty Value (SDV)	SDV /105% (FY 2017-18)	Full Value of Consideration to be taken
1	1,90,000	2,09,000	1,99,048	SDV - 2,09,000
2	4,00,000	3,92,000	-	SV - 4,00,000
3	4,05,000	4,30,000	4,09,524	SDV - 4,30,000

34: Full Value of Consideration under u/s 50C, 56 (2) (X)				
No.	Sale Value (SV)	Stamp duty Value (SDV)	SDV / 110% (FY 2019-20)	Full Value of Consideration to be taken

1	4,50,000	5,25,000	4,77,273	SDV - 5,25,000
2	7,22,000	7,92,000	7,20,000	SV - 7,22,000
3	10,28,000	10,20,000	9,27,273	SV - 10,28,000

35. An unregistered agreement of sale was executed in September 2017 for the purchase of the property for a sale consideration was Rs 100.00 lakhs. **An advance payment of Rs 1.00 lakh was paid on the date of agreement of sale in cash.** The registration of the sale deed was executed in May 2019. The guideline rate on the agreement date (September 2017) was Rs 1000 per square metre. The guideline rate on the registration of sale deed was Rs 1500 per square metre. Which stamp duty value is to be taken for IT purposes?

Registration date on sale	May 2019
Sale agreement date	September 2017
Total sale consideration	Rs 100.00 lakhs
Advance paid on agreement (Sep 2017)	Rs 1.00 lakh
Mode of payment of advance	By cash payment
Ready reckoner rate on agreement date	Rs 1000 per square metre
Ready reckoner rate on date of registration	Rs 1500 per square metre
At what GLV rate the SDV will be paid?	Rs 1500 per square metre
At what rate the CG will be determined?	Rs 1500 per square metre
Why GLV as on the date of agreement cannot be adopted?	By cash payment

36. The unregistered agreement of sale was executed in May 2017 for the purchase of the property for a sale consideration was Rs 100.00 lakhs. **An advance payment of Rs 1.00 lakh was paid on the date of agreement of sale by the bank (RTGS).** The registration of the sale deed was executed in May 2019. The guideline rate on the agreement date (2017) was Rs 1000 per square metre. The guideline rate on the registration of sale deed was Rs 1500 per square metre. Which stamp duty value is to be taken for IT purposes?

Registration date on sale	May 2019
Sale agreement date	September 2017
Total sale consideration	Rs 100.00 lakhs
Advance paid on agreement (Sep 2017)	Rs 1.00 lakh
Mode of payment of advance	By bank (RTGS)
Ready reckoner rate on agreement date	Rs 1000 per square metre
Ready reckoner rate on date of registration	Rs 1500 per square metre
At what GLV rate the SDV will be paid?	Rs 1500 per square metre
At what rate the CG will be determined?	Rs 1000 per square metre
Why GLV as on the date of agreement can be adopted?	Since paid through Bank

**COST OF CONSTRUCTION
FOR INCOME TAX PURPOSE**

CPWD PAR METHOD

Exercise 1

4 buildings was constructed in each F Y 2019-20, F Y 2021-21, F Y 2021-22.and F Y 2022-23. All the buildings are load bearing residential buildings.

The basement (plinth) level concerning the road level is 0.95 m.

The foundation depth was taken as 1.50 m below road level.

The ground floor height of the building is 2.90 m.

For the first floor, the floor height is 3.20 m.

Find out the revised base rates as per CPWD specifications for these buildings after adjustments made for the actual specifications.

Data for Base rate working		2019-20	2020-21	2021-22	2023-24
1	Location	Trichy	Trichy	Trichy	Trichy
2	Year of construction	2019-20	2020-21	2021-22	2023-24
3	Adoption of CPWD PAR	CPWD PAR 2019	CPWD PAR 2020	CPWD PAR 2021	CPWD PAR 2023
4	Classification of the building	Residence	Residence	Residence	Residence
5	Type of building	Load bearing	Composite	Composite	Composite
5	Each floor height as per CPWDPAR	2.90 m	3.00 m	3.00 m	3.00 m
	Ground floor height of the building (actual)	2.90 m	2.90 m	2.90 m	2.90 m
	First floor height of the building (actual)	3.20 m	3.20 m	3.20 m	3.20 m
6	Foundation depth is below road level as per CPWDPAR	1.20 m	1.20 m	1.20 m	1.20 m
	Foundation depth is below road level. (actual)	1.50 m	1.50 m	1.50 m	1.50 m

7	Plinth level with respect to road level as per CPWD PAR	0.45 m	0.45 m	0.60 m	0.60 m
	Plinth level with respect to road level(actual)	0.95 m	0.95 m	0.95 m	0.95 m
1	Base rate working - Ground floor				
1a	Roof height adjustment				
	Rate for every 0.30m additional / lesser floor height as per specn.	₹ 335	₹ 350	₹ 370	₹ 421
	Additional / Lesser height as per actual	-	(-)0.10 m	(-)0.10 m	(-)0.10 m
	Add/ Deduct for 0.10 m for lesser floor height	-	-₹ 117	-₹ 123	-₹ 140
1b	Plinth height adjustment				
	Rate for every 0.30m additional / lesser floor height as per specn.	₹ 335	₹ 350	₹ 370	₹ 421
	Additional / Lesser height as per actual	(+) 0.50 m	(+) 0.50 m	(+) 0.30 m	(+) 0.30 m
	Add/ Deduct for 0.10 m for lesser floor height	₹ 558	₹ 583	₹ 370	₹ 421
1c	Foundation height adjustment				
	Rate for every 0.30m additional / lesser foundation depth as per specn.	₹ 160	₹ 200	₹ 200	₹ 230
	Additional height / Lesser fdn depth as per actual	(+) 0.30 m	(+) 0.30 m	(+) 0.30 m	(+) 0.30 m
	Add/ Deduct for 0.10 m for lesser fdn depth	₹ 160	₹ 200	₹ 200	₹ 230
	Base rate working - Ground floor - Abstract				

	Composite (part load bearing/part RCC framed) structure With the Base rate as per CPWD PAR	₹ 16,600	₹ 16,800	₹ 17,640	₹ 20,070
	Roof height adjustment	-	-₹ 117	-₹ 123	-₹ 140
	Plinth height adjustment	₹ 558	₹ 583	₹ 370	₹ 421
	Foundation height adjustment	₹ 160	₹ 200	₹ 200	₹ 230
	Adjusted rate working - Ground floor	₹ 17,318	₹ 17,466	₹ 18,087	₹ 20,581
2	Base rate working - First floor				
2a	Roof height adjustment				
	Rate for every 0.30m additional / lesser floor height as per specn.	₹ 335	₹ 350	₹ 370	₹ 421
	Additional / Lesser height as per actual	(+) 0.30 m	(+)0.20 m	(+)0.20 m	(+)0.20 m
	Add/ Deduct for 0.10 m for lesser floor height	₹ 335	₹ 233	₹ 247	₹ 281
	Base rate working - First floor - Abstract				
	Composite (part load bearing/part RCC framed) structure With the Base rate as per CPWD PAR	₹ 16,600	₹ 16,800	₹ 17,640	₹ 20,070
	Roof height adjustment	₹ 335	₹ 233	₹ 247	₹ 281
	Adjusted rate working - First floor	₹ 16,935	₹ 17,033	₹ 17,887	₹ 20,351

Cost Index based on CPWD PAR 2023 Base 100-based on market rate @ Trichy									
LOCATION		TRICHY				New Date	01.08.2023		
No.	Description	Unit	% age	Rate as on @ Delhi 1.04.2023	Weightage rates as on @ Delhi 01.04.2023	Local Rate on New Date	Weightage rates @ Trichy New Date	Weightage Component	New Date Cost Index @ Trichy
				1	2	3	4	5	6 =4 x 5/2
1	Bricks (Fly Ash)	1000	100%	4750	4750	6500	6500	8.00	10.95
2	Cement (OPC)	Qtl	100%	515	515	700	700	14.50	19.71
3	TMT Steel								
	50% 8-10mm	Qtl	50%	5550	5550	2950	5850	19.50	20.55
	50% 12-16mm		50%	5550		2900			
4	Aggregate 20 MM natural source	Cum	75%	1425	1308	766	998	6.50	4.96
	Aggregate 20 MM (RCA)		25%	957		232			
5	Sand-coarse natural source	Cum	75%	1450	1326.75	1193.00	1508.00	3.00	3.41
	Sand-coarse (RCA)		25%	957		315.00			
6	Flooring Items								
	Vitrified tiles	Sqm	50%	550	727.00	550.00	1015.00	5.00	6.98
	Ceramic tiles		20%	300		70.00			
	Kota stone		10%	320		35.00			
	Granite stone		20%	1800		360.00			
7	Paints								
	Syn Enamel Paint	Lt	33.33%	178	132.00	70.00	172.00	3.00	3.91
	Dry Distemper		33.33%	38		22.00			
	Premium acrylic paint		33.33%	180		80.00			
8	Doors / windows - wooden / UPVC /Aluminium / Steel								
	35 mm tk. flush door shutters both side commercial veneering	Sqm	30%	1050	2100	360.00	2223.00	7.00	7.41
	Factory made Std. Z-section steel Window		15%	1750		263.00			
	UPVC windows		20%	3500		760.00			
	Aluminium Windows		35%	2350		840.00			
9	Pipes								
	15mm GI Pipe	M	10%	95	310	11	335.00	2.50	2.70
	100mm CI Pipe	M	40%	650		280			
	20mm Black conduit	M	20%	80		18			
	20mm CPVC pipes	M	30%	80		26			
10	Lamps & Fans								
	Ceiling Fan 1200 mm	Each	50%	1584	987	738	937.00	4.50	4.27
	1200 mm LED tubelight fittings	Each	40%	467		190			
	LED Bulbs	Each	10%	86		9			
11	Electrical 7.5 HP Motor Pump set 1500 rpm	Each	100%	26631	26631	27000	27000.00	2.50	2.53
12	Wires & Cables								
	1.5 Sq mm wire	100M	70%	1600	2230	1092	2142.00	4.00	3.84
	4.0 Sq mm wire	100M	30%	3700		1050			
13	Labour								
	Unskilled	Each	50%	897	817	475	850.00	20.00	20.82
	Skilled	Each	50%	736		375			
								100.00	112.04

Cost index derivation

The Cost Indices for various places in India as approved by the Chief Engineer for the concerned zone for the PAR 01.01.1992 as 100 up to the year 2007 As per the information issued by S & S Unit, CPWD, New Delhi. (This can be downloaded from the website: www.jayaramanr.com.)

Determination of Cost of construction for capital gain purposes

Plinth area determination

CPWD has framed general guidance rules for a uniform method adoption of working out plinth areas from plans throughout the country. The plinth area of the building is derived for each floor level as per the norms. There were 5 types of quarter's types available till 2013 and new norms for 8 types of quarter's types for the plinth areas and descriptions were notified from 2013 onwards.

Old Norms for 5 types of quarter's types available till 2013

Quarter's type	Permissible plinth area
Type 2	70.00 sqm
Type 3	80.00 sqm
Type 4	128.00 sqm
Type 5	200.50 sqm

CPWD Plinth Area Rates of various type of Constructions as on January 1, 1992 with Base 100 with Specifications
Contd...

S. No.	Description	Office & Colleges	Hospitals	Schools	Hostel	Type of Quarters				
						I	II	III	IV	V
3. SERVICES										
3.1	Internal water supply & sanitary installation.	4%	10%	5%	15%	14600	15400	18300	22000	43800
		[(With attached toilets) 10% with common toilet]								
3.2	External service connections.	5%	5%	5%	5%	5%	5%	5%	5%	5%
3.3	Internal electric installations.	12.5%	12.5%	12.5%	12.5%	10600	12000	14100	17100	19637
		Note: The above does not include service connection charges & electrification.								
3.4	Internal electric installation for laboratories of schools.	-	-	15% of building cost	-	-	-	-	-	-
3.5	Internal electric installation for terminal building and other allied structures in airports.	15% of building cost								

Quarter's type	Permissible plinth area in square metre	Internal Sanitary & water supply installations		External service connection	Internal Electrical connections	
		Rate per flat in INR	Rate per sqm in INR	% on cost per flat	Rate per flat in INR	Rate per/sqm in INR
Type 2	70	15400	220.00	5%	12000	171.43
Type 3	80	18300	228.75	5%	14100	176.25
Type 4	128	22000	171.88	5%	17100	133.59
Type 5	200.5	43800	218.45	5%	19637	97.94

Case Study 1 - Improvement made before 01.04.2001

Inspection details

Location

TRICHY

Construction year (sale deed / Google Pro plan)

1985

Building - Technical Specification Data collection

No. of floors

Ground floor only

Roof height

3.20 m

Plinth height

0.90m

Foundation depth

1.50 m

Flooring

ceramic tile floor

Joineries

I Class Teak Wood

Painting

PEP

Cupboards & wardrobes

Veneered plywood

Services

Provided

Compound Wall -1.37 m height

62.67 Running mt

Cement Pavement

80 sqm

Bore well

200 ft depth

Pump & Motor

1 HP Submergible

Brickwork Over Head Tank

1000 litres

Brickwork Underground sump

2000 litres

Improvement made before 01.04.2001		
Building classified as CPWD - Residential Type V quarters		
Location- Trichy	CI on 01.04.2001- 200	
Building construction date	1985 - Before 01.04.2001	
Number of floors	Ground / First / Second / -----	
Ground floor Plinth area /sqm	200	
First-floor Plinth area /sqm		
Second-floor Plinth area /sqm		
Third-floor Plinth area /sqm		
CPWD PAR Notification - CPWD PAR 01.01.1992 w.r.t. the Base as 100 at Delhi.		
Building classification	Load bearing structures.	RCC Framed structure
Type of residential quarters selected	Type V	Type V
Basic cost PH 0.60 m FH 2.90 m per sqm	₹ 2,375	2810
Adjusted Base rate for provisions as per site conditions for the site conditions		
Roof height is 3.20 m instead of 2.90 m	₹ 75	₹ 125
Plinth height is 0.90m instead of 0.60 m	₹ 75	₹ 125
Foundation depth of 1.50 m instead of 1.20 m	₹ 90	₹ 125
Full area ----- tile floor instead of 50% of the mosaic floor as per std. specifications (refer to notes) (refer to notes SOR 2002 – 11.75.)	₹ 200	₹ 200
I Class ----- Wood joineries instead of steel joineries as per std. specifications (refer to notes SOR 2002 – 9.1.)	₹ 200	₹ 200
----- painting instead of colour washing (refer to notes – SOR 2002 – 9.113.79A.1)	₹ 50	₹ 50
Closed cupboards & wardrobes (refer to notes-SOR 2002 – 9.23.1.3)	₹ 200	₹ 200
Add Services		

Water supply & Sanitary @ Rs 218.45/sqm	₹ 218.45	₹ 218.45
External services connections 5%	₹ 163.25	₹ 191.75
Internal Electrical installations @ Rs 97.94 / sqm	₹ 97.94	₹ 97.94
Service connection charges & electrification (lump sum or actual) -1.5% on service cost	₹ 7.19	₹ 8
Adjusted PAR for the existing conditions	₹ 3,752	₹ 4,351
Cost index at Trichy	166	166
Indexed Building Cost per sqm	₹ 6,228	₹ 7,222
Depreciation - 36 years (45.262%)	-₹ 2,819	-₹ 3,269
Cost of construction	₹ 3,409	₹ 3,953
Building cost of construction	₹ 6,81,800	₹ 7,90,600
Extra items not covered under PAR		
62.67 Rm of Compound Wall -1.37 m height - Load bearing wall @ 400 per RM	₹ 25,068	₹ 25,068
80 sqm of cement Pavement @ Rs 200 per sqm	₹ 16,000	₹ 16,000
Bore well 200ft depth with 1 HP Submersible with accessories (actual)	₹ 35,000	₹ 35,000
Brickwork Over Head Tank 1000 litres @ Rs 6.00 per litre	₹ 6,000	₹ 6,000
Underground sump 2000 litres @ Rs 6.00 per litre	₹ 12,000	₹ 12,000
Estimated construction cost	₹ 7,75,868	₹ 8,84,668
Addition - Drawing preparation & Technical consultancy required during execution	₹ 18,500	₹ 18,500
Probable cost of construction	₹ 7,94,368	₹ 9,03,168

<u>Sample valuation</u>				
Building classified as CPWD - Residential Type V quarters				
Location- Chennai	CI on 01.04.2001- 192		CI on 2003-04 -217	
Building classification	Load bearing structures.		RCC Framed structure	
Building construction date	1965 - Before 01.04.2001	2003 - after 01.04.2001	1965 - Before 01.04.2001	2003 - after 01.04.2001
Ground floor Plinth area /sqm	100	100	100	100
CPWD PAR Notification	As on 01.01.1992 w.r.t. the Base as 100 at Delhi.			
Basic cost per sqm PH 0.60 m FH 2.90 m	2375	2375	2810	2810
Adjusted Base rate for provisions as per site conditions for the site conditions				
Roof height is 3.20 m instead of 2.90 m	75	75	125	125
Plinth height is 0.90m instead of 0.60 m	75	75	125	125
Foundation depth of 1.50 m instead of 1.20 m	90	90	125	125
Full area ceramic tile floor instead of 50% of mosaic floor	250	250	250	250
I Class Teak Wood joineries instead of steel joineries	250	250	250	250
PEP painting instead of colour washing	50	50	50	50
Closed cupboards & wardrobes	200	200	200	200
Adjusted PAR for the existing conditions	3365	3365	3935	3935
Add Services				

Water supply & Sanitary installations @ Rs 218.45/sqm	₹ 218.45	₹ 218.45	₹ 218.45	₹ 218.45
External services connections 5%	₹ 163.25	₹ 191.75	₹ 163.25	₹ 191.75
Internal Electrical installations @ Rs 97.94 / sqm	₹ 97.94	₹ 97.94	₹ 97.94	₹ 97.94
Adjusted PAR for the existing conditions including services	₹ 3,844.64	₹ 3,873.14	₹ 4,414.64	₹ 4,443.14
Cost index at Chennai	192	217	192	217
Indexed Building Cost per sqm	7382	8405	8476	9642
Depreciation - 36 years (45.262%)	-3341	-	-3836	-
Cost of construction	4041	8405	4640	9642
Area of the building	100	100	100	100
Building cost of construction	404100	840500	464000	964200

Note: While every effort is taken to avoid errors or omissions in this course material publication, any mistake or omission that might have occurred is unintentional.

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