

LEARNERS VERSION

# **TAX VALUATION**

**INTENSIVE EDUCATIONAL PROGRAM  
2024**

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**INTENSIVE EDUCATIONAL PROGRAM  
2024**

**CAPITAL GAIN TAX  
FOR IMMOVABLE PROPERTIES  
&  
COST OF CONSTRUCTION  
FOR INCOME TAX PURPOSE**



**CAPITAL GAIN TAX  
FOR IMMOVABLE PROPERTIES**



## **Income Tax Act provisions for Capital gains**

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**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?                      Yes / No

**Stock-in-trade**

**Notes:** When a property is held as stock-in-trade it would not be a capital asset.

Holding agricultural land as stock-in-trade - If a promoter is buying and selling land regularly or a part of his business, any gains from its sale are taxable under the head of business and profession.

The sale proceeds derived from stock in trade will be subjected to his business income and profit will be based on the prevailing income tax bracket.

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

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

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

Property status before sale	Capital asset / Stock-in-trade
Property status after sale	Capital asset / Stock-in-trade
Whether the dealer is liable to tax?	Yes / No
The gain will be treated under taxation as?	Capital gain / Business Income



- 04** An Assessee 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 / Stock-in-trade
Whether property conversion is possible?	Yes / No
How the transfer can be made?	Registered deed / Book of Accounts
Property status after conversion	Capital asset / Stock-in-trade
Whether he is liable to tax on transfer?	Yes / No
On what taxation rule will be charged?	Capital gain / Business Income
On what date he is liable to tax?	On the conversion date/ sale date
On the sale, what taxation rule will apply on the stock-in-trade?	Capital gain / Business Income

#### **Lease**

Notes: Transfer of leasehold rights in land by the lessee it would not be a capital asset.

Transfer of Development rights (without land), it would not be a capital asset.

Transfer of Development rights (with land), it would be a capital asset.

- 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 / Stock-in-trade
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 / Business Income
Lessor will be adding the building value as a	Capita asset / expenditure

### **Relinquishment**

**06:** In the ancestral property, one of the brother acquired his sister's share, by way of relinquishment of her share at free of cost by way of gift and her share was transferred by a registered gift document. Whether the both Sister & brother is attracted to capital gain?

**Answer:** Since the sister has relinquished her share and gifted her property to her brother, she becomes the previous owner of the property, and the brother has now become the owner of the gifted property.

This gift is regarded as a transfer by way of the relinquishment of her share. If the sister receives any monetary consideration for the gifted property, the entire process of transfer will be treated as sale. Hence, the sister will not be attracted towards capital gain tax.

However, the brother, at a future date, if he sells the gifted property, he will be liable to pay the capital gain tax.

### **Family partition and Transfer of capital asset under a gift or will or succession**

**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 2.50 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 / Stock-in-trade
Total extent of ancestral property	
Brother's share under settlement deed	
Mode of Transfer	
Balance extent of the property	
1 <sup>st</sup> Son's share	
2 <sup>nd</sup> Son's share	
Mode of Transfer	
Mode of the Daughter's property transfer	
Whether settlement deed is a transfer	Under IT Act –yes / no
Whether will is a transfer	Under IT Act – yes / no
Whether gift deed is a transfer	Under IT Act – yes / no
Under what IT section the above are not regarded as transfers	section 49 (i) for transactions not to be regarded as transfer

**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 / Stock-in-trade
Grand father purchased date the flat in	
Death year of grand father	

Way of acquisition by father	
Way of acquisition by son	
Way of Acquisition year by son	
Holding period calculated from the year	
Sale year of the flat	

**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?

<b>Part 1 –Holding period for Acquisition by father Mr 'A'</b>	
Property status	Capital asset / Stock-in-trade
Sale of the flat	
Acquisition year of father Mr 'A'	
Holding period derived from	
<b>Part 2 – Holding period for Converted Asset or Improved asset</b>	
Transfer from Mr A to son Mr B by	
Year of Improvement made by son Mr B	
Holding period for Improvement derived from	

**Part 1 Notes:** Since the date of sale is on or before 01.04.2017, derivation of FMV will be indexed of acquisition cost from the date of acquisition (year-1996), and the indexed cost of an improvement on date of improvement (year-2013), by applying **old CII** for both.

**Part 2 Notes:** If the sale of the property is on or after 01.04.2017, derivation of FMV will be indexed of acquisition cost from the deemed date of acquisition (i.e.) the year-2001 (this section 49(1) has to be amended to acquisition date as of 01.04.2001), and the indexed cost of an improvement on date of improvement (year-2013), by applying **new CII** inflation index for both.

### **Holding period**

**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 / Stock-in-trade
Sale year	
Acquisition year	
Holding period	
Permissible holding period	
Capital asset status	Long term / short 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 / Stock-in-trade
Sale year	
Acquisition year	
Holding period	
Permissible holding period	
Capital asset status	Long term / short 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 / Stock-in-trade
Sale year	
Acquisition year	
Holding period	
Permissible holding period	
Capital asset status	Long term / 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 / Stock-in-trade
Acquisition year	
Transfer through gift to Mr 'B'	
Sale year	
Gift for holding period is taken in IT Act	Yes / No
Holding period	
Permissible holding period	
Capital asset status	Long term / short term capital asset
Whether indexation permitted for a Long term capital asset	Yes / No
Whether indexation permitted for a short term capital asset	Yes / No
Permitted indexation	Old CII / 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	
Stamp charges paid — %)	
Registration charges — %	
Brokerage — %)	
Legal expenses	
Expenses in case an asset is acquired by gift, will, succession or inheritance, or settlement	Buyer will not incur any expenditure. However, Seller will be spending the amount for these items.
<b>Cost of acquisition</b>	

### **Cost of improvement**

**Cost of improvement** is the capital expenditure incurred by an assessee for making any addition or improvement in the capital asset. It also includes any expenditure incurred to protect or remedy the title and to increase the value of the capital asset.

**Capital expenditure:** Capital expenditure is the money spent to acquire assets or to improve the quality of existing buildings. Capital expenses are incurred for the long-term.

**Revenue expenditure** (Not considered as cost of improvements): Revenue expenditure is the money spent to maintain their everyday operations.

Examples: internal modifications without increasing the plinth area, repairing works carried out due to wear and tear like painting, changing the wooden joineries, flooring and toilets, and electrical, sanitary water supply fittings, etc.

**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?

<b>I. Expenditure of a capital nature in making the improvement</b>	
a) Building construction cost	
b) Plan approval cost	
c) Supervisory charges	
d) Bore-well installation	
<b>II. Betterment charges</b>	
a. Regularization of plot paid	
b. Water supply connection	
c. Underground sewage connection	
<b>III. Litigation on encroachment</b>	
<b>Cost of Improvement</b>	

**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 / Stock-in-trade
Acquisition year	
Sale year	
Holding period	
Permissible holding period	
Capital asset status	



Permitted indexation	
Acquisition cost	
CII for 1999 -2000 (Acquisition year)	
CII for 2002-2003 (Sale year)	
<b>Indexed cost of acquisition</b> (20,00,000 x 447 / 389)	

**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?

<b>Acquisition of land &amp; building</b>	
Property status	Capital asset / Stock-in-trade
Acquisition year	
Sale year	
Holding period	
Permissible holding period	
Capital asset status ( LT / ST)	
Permitted indexation	
Acquisition cost for L & B	
CII for (FY 2004-05)(Acquisition year)	
CII for (FY 2017-18)(Sale year)	
<b>Indexed cost of acquisition</b> (60,00,000 x 272 / 113)	
<b>ABSTRACT</b>	
Sale consideration price	
Less: Indexed cost of acquisition	
<b>Capital gain</b>	

- 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 / Stock-in-trade
Acquisition year	
Year of Improvement	
Sale year	
Holding period	
Permissible holding period	
Capital asset status	
Permitted indexation	
Acquisition cost	
CII for FY 2014-15 (Acquisition year)	
CII for FY 2020-21 (Sale year)	
<b>Indexed cost of acquisition</b>	
Improvement	
Improvement cost	
Year of Improvement	
CII as on FY 2017-18	
CII as of the date of sale (FY 2020-21)	
<b>Indexed cost of Improvement</b>	

<b>Abstract</b>	
Indexed cost of acquisition	
Indexed cost of Improvement	
<b>Indexed cost of acquisition &amp; Improvement</b>	
<b>Capital gain</b>	
Sale consideration price	
Indexed cost of acquisition	
<b>Capital gain</b>	

- 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?

<b>Acquisition of land &amp; building</b>	
Property status	Capital asset / Stock-in-trade
Acquisition year	
Sale year	
Holding period	
Permissible holding period	
Capital asset status	
Permitted indexation	
Acquisition cost for L & B	
CII for FY 2010-11(Acquisition year)	
CII for (FY 2018-19) (Sale year)	
<b>Indexed cost of acquisition</b>	

<b>ABSTRACT</b>	
Sale consideration price	
Indexed cost of acquisition	
<b>Capital gain / loss</b>	
<b>It is a capital gain /loss</b>	

**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?

<b>Acquisition of land &amp;building</b>	
Property status	Capital asset / Stock-in-trade
Acquisition year	
Gift transfer from uncle	
Gift is a transfer under IT Act	Yes / No
Sale year	
Holding period	36 months / 24 months
Permissible holding period	
Capital asset status (LT / ST)	
Permitted indexation	
Acquisition cost for L & B	

<b>Note:</b> 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)	
Area of the flat	
Ready reckoner rate for the flat as on 01.04. 2001	
Fair Market value as on 01.04.2001 OR	
Deemed acquisition cost as on 01.04.2001	
80 sq.m X Rs. 40,000/ sq.m	
CII. 2001-02 (Deemed acquisition)	
CII for (FY 2018-19) (Sale year)	
<b>Indexed cost of acquisition</b>	
<b>Improvement</b>	
Improvement cost	
Year of Improvement	
CII as on FY 2005-06	
CII as of the date of sale (FY 2018-19)	
<b>Indexed cost of Improvement</b>	
<b>Indexed cost of acquisition &amp; Improvement</b>	
Indexed cost of acquisition	
Indexed cost of Improvement	
<b>ABSTRACT</b>	
Gross Sale consideration	
Deduction	

Society transfer charges paid	Rs. 50,000
Brokerage paid	Rs. 1,00,000
Net Sale consideration	
Less: Indexed cost of acquisition	
<b>Capital gain</b>	

**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	
Stamp duty value	
Registration dept will register for	
Deemed acquisition cost	

**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?

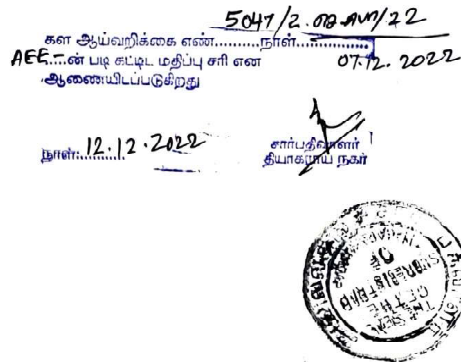
sale consideration as per document	
Stamp duty value as per document	
Registration dept will register for	
Deemed acquisition cost	

**23:** The land area shown in the purchase document in 1998 is 2400 square feet, whereas, in the 2019 year sale document, it has been mentioned that, 2200 square feet is only sold. But, on inspection, it has been inferred that the

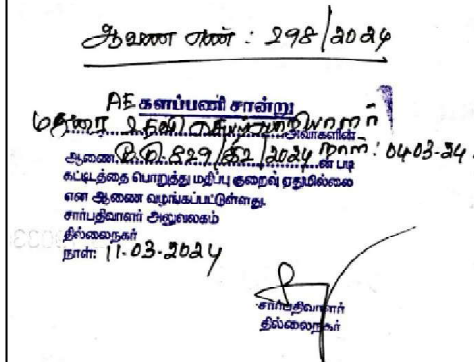
full and area is sold and there is no land area left over or available for the seller to sell. Whether to consider 2400 square feet of land or 2200 square feet of land for computation of capital gain?

Land area shown in purchase document	
Land area shown in sale document	
Registrar will register for land area of	
Deemed Land area to be taken for CG	

- 24:** The building area shown in the sale document in 2018 is 1240 square feet on the ground floor and 840 square feet on the first floor, whereas on inspection both ground floor plinth area (1450 square feet) and first-floor area (630 square feet) are different. What is the area of each floor that has to be considered for the computation of capital gain?



Sample Document 1



Sample Document 2

**Answer:**When the sale deed is presented before the registration authority, they will take the sale deed (prima facie) on the said area reported on the Annexure 1A of the sale document, since, both the buyer and seller have agreed and signed as their acceptance.

Thereafter, the registration authority (pending registration) refers this sale document under Section 47 A of the Stamp Act to the concerned Authority for the actuals as per site conditions.

So, always, the registered valuer must take up the assignment only after the sale deed is registered and after getting the confirmation for excess stamp duty collected for the building area.

**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, but 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	
Part Consideration received in 2019-20	
Cost of acquisition	
Year of acquisition	
CII for 2001-02 (Acquisition Year)	
CII for 2019-20 (Compensation received year)	
Indexed cost of acquisition = $1,00,000 \times 289/100$	
<b>Less:</b> capturing the proportionate amount of indexed cost Formula = Indexed cost of acquisition $\times \frac{\text{proportionate amount}}{\text{Full consideration}}$	
<b>Capital Gain</b>	



**Comparable sale instance- TYPE 1**

Comparable sale instance documents identified			3 Nos.
Document details	Comparable sale instance 1	Comparable sale instance 2	Comparable sale instance 3
Registration Number	xxxx	yyyy	zzzz
Sale date	01 August 1999	01 September 2000	01 April 2002
sale definition	Land only	Land only	Land only
sale area - sqft	1500	2000	1800
sale rate per sqft as per Document	80	105	210
Total sale value	120000 (a)	210000 (b)	378000 ( c)
<b>Adoption of time gap factor- for 01.04.2001</b>			
Month difference between Base year ( April 2001) to sale date	21 (d)	8 ( e)	12 ( f)
Total months from 01st Aug 1999 to 01st Apr 2002 = 21+12			33 months (g)
Rate for difference in Base year (April 2001) to sale date	(a x d / g) 76364	(b x e / g) 50909	(c x f / g) -137455
Adjusted comparable sale rate / sqft as on ( April 2001)	196364	260909	240545
Rate revision in Base year (April 2001) per sqft	130.91	130.45	133.64
Highest rate or Average sale rate per sqft	The valuer can consider the rate depending on the location of the subject property under valuation and comparable.		

**Reference: “Guidelines for valuation of immovable properties published by the Directorate of Income Tax”**

**Factors of adjustment on land rates that can be considered**

**1. Location & Situation:** The land rate increases with the degree of development and the situation of the property like in commercial or residential zones, nearness to roads, proximity to civic amenities, transport facilities, corner plots, etc. As there is no fixed percentage for these factors the (+) or (-) suitable percentage is to be decided judiciously.

An allowance to the extent of (say) + / - 15% may be made on this account. For corner plots, an additional adjustment of up to 5% may be made depending upon the width of the return frontage.

**2. Time gap:** Generally the price of land increases with time. To ascertain the price rise more accurately sale instances of the dates before and after the date of valuation should be selected and should be brought at par with the property under valuation by applying all other factors of adjustment except for the time gap. The difference in rate so arrived divided by the time gap will give the rate of price increase around the valuation date. The addition of this price rise to the rate of past sales will give the land rate on the valuation date. If no such sale instances are available then the price rise should be considered 18 to 24% P.A. Earlier trends may also be seen.

**3. Shape:** A plot of rectangular shape fetches more value than a plot of irregular shape. An adjustment factor (say) + / - 5% may be applied depending upon the irregularity in shape and frontage of the plot that affects the layout of the building and general architectural planning.

**4. Size:** In general, large plots fetch less unit price due to less demand, and limited buyers. Though there is no fixed percentage or this factor, however, in the case of demand for large size plots, (say) + / - 0.5% per 100 Sqm. may be considered reasonable.

Sometimes it is not possible to have sale instances of the larger size of plots and the sale instances available are of very small size developed plots. In such a situation the price of the small developed plot cannot be directly applied.

**5. Large land extent:** The value of large tracts of land can be determined from the sale instance of the small plot provided the large tract of land is ripe for use for building purposes, that the building plots that could be laid out on the land would be good selling propositions and that the valuation based on a hypothetical layout with justification be adopted.

In such a case necessary deduction for the cost of land required for the formation of roads, drains, sewer water supply, and electricity lines and the interest on outlays for deferment of realization of the price, the profits on the venture, etc. are to be made. The total deductions vary from 25% to 50% and should be determined judiciously. For this purpose, the development method may be resorted to.

Consideration should be given to local bye-laws. Where the high rise building is admissible on a plot say having a minimum of 1500 Sqm. area, it may be more valuable than a smaller size plot due to higher FSI/ FAR permissibility.

**6. FSI/FAR:** The market value of the plot increases with the increase in the Floor Area Ratio (FAR) or Floor Space Index (FSI). But this increase is not proportional. Efforts should be made to adopt sale instances of the same FAR/FSI or the sale instances of the FAR/FSI next above/below to the FAR of the subject plot under the valuation process. In case of sale instances of the same or next above/below FAR is not available the adjustment in rates for FAR/FSI should be made as under:

FAR/FSI Rate -

Additional 0.5 FSI = 40% of basic rate,

Next 0.5 FSI = 35%,

Next 0.5 FSI = 30%,

Next 0.5 FSI = 25%,

Next 0.1 FSI = 45%

Due to DRC (Development Rights Certificate) in many cities, there are TDR (transfer of development rights) provisions for the transfer of unutilized FSI in the same identified areas. This factor should be carefully considered because of prevailing land regulation Acts etc. For figures of FAR/FSI in between, the variation in rates may be interpolated.

**7. Co-ownership Undivided share, rights & Interests:** The undivided share, rights & interest are less attractive to the prudent buyers on account of absolute ownership, limited control, expenses of partition suits, meeting of minds on several problems connected with maintenance, management, and development. As such a discount of (say) 5% to 12.5% depending upon the number of co-owners and their relationship may be given.

**8. Land Tenure:** The leasehold land fetches less price as compared to freehold land due to the number of restrictions imposed in the lease deed. An adjustment factor (say) + / - .25% is to be applied for working out the land rate of the freehold plot from the sale instance of the leasehold plot and vice-versa.

**9. Encumbrance:** Land which is encumbered by unauthorized occupation or encroachment will have depressed value on account of litigation for eviction.

Land value for the portion encumbered may be deferred for a reasonable period to allow for the depressing effect to the extent of 30% (say). The bona-fides of unauthorized occupation/encroachment should, however, be checked by a registered valuer before allowing this adjustment.

**10. Unearned increase:** If the property under valuation happens to be a leasehold plot, then, a certain percentage, as specified in the lease deed of unearned increase (current market rate less premium paid) is also to be deducted from the land value.

In such cases, it should be ensured that if the sale instance considered is also a leased hold, then it should be first converted into the freehold by applying an adjustment factor of (say) (+) 25%, in addition to other factors of adjustment.

**11. Impact of Statutory Restrictions:** The main aim of statutory restrictions is to restrict the right of the landlords to enjoy their properties and equitable distribution of land at nominal rates for mass-scale housing for the urban poor.

**12. Other Factors:** Apart from the adjustment factors described in the foregoing paragraphs, if other factors are affecting the price of property such as time gap factor, defect in title, mode of payment, etc. these should also be considered

**Comparable sale instance- TYPE 2**

Comparable sale instance documents identified			3 Nos.
Document details	Comparable sale instance 1	Comparable sale instance 2	Comparable sale instance 3
Registration Number			
Sale date			
sale definition	Land only	Land only	Land only
sale area - sqft			
Total sale value			
<b>Adoption of time gap factor</b>			
Month difference in sale date & Base year date (April 1981/ April 2001)	(+) or (-) _____ months	(+) or (-) _____ months	(+) or (-) _____ months
Rate per sqft to be adjusted for month difference	(+) or (-) _____ As on April 1981/ April 2001	(+) or (-) _____ As on April 1981/ April 2001	(+) or (-) _____ As on April 1981/ April 2001
<b>Adjustment factors with respect to valuation of subject land</b>			
Location / situation			
Shape, Size, frontage, road width and Additional FSI			
Undivided share rights & interest			
Encumbrance			

Adjusted sale rate of comparable per sqft as on (April 1981/ April 2001)	
Highest rate or Average sale rate per sqft	The valuer can consider the rate depending on the location of the subject property under valuation and comparable.

### Case Study 1

**Query by a valuer:** Mr.'X' is the client for Capital Gains Tax Valuation. He has got IT notice and requires a Valuation Report for Capital Gains

#### History

1. Mr 'A' purchased the vacant land property of 1000 sq feet for Rs 20,000 in 1981. He constructed a building in 1981.  
On his demise in 1987, the existing old residential building was demolished (No – plan for old building /no detail for building specification /demolition date not known) and a 1000 sq feet of new commercial building @ Rs 2,00,000 was constructed in 1998.
2. In 1999, Mr.'X' along with his brother Mr.'Y' acquired the property (each 50% share) through family partition (settlement deed).
3. In 2003, Mr.'X' buys the 50% share of brother Mr.'Y' through a sale deed for Rs 5.50 Lakhs and incurred Rs 50,000 as stamp duty and registration charges.
4. In 2011, Mr.'X' made improvements in the property for Rs 5.00 lakhs.
5. The guideline value for the land was as on 01.04.2001 was Rs 40 per sq feet and Rs 300 per sqft for building construction with the prevailing specifications.
6. Mr.'X' sold the property **in 2017** for a sale consideration of Rs 35.50 Lakhs.

**Notes:** The valuer in his query has not mentioned the sale date properly. So, two different workings (Assuming, if the property is sold in February 2017 & if the property is sold in May 2017) were determined for him to choose the appropriate working.



**Assuming, if the property is sold in February 2017**

Property purchaser (Previous owner)	Mr A
Year of purchase (Previous owner)	1981
Old Building constructed year	1981
Old Building demolition year	Not known
New Building constructed year	1998
Holding period to be adopted for land	From 1981 / From 1998
Holding period to be adopted for the building	From 1998-99
Year of Transfer through family partition	1999-2000
'X' % Share of acquisition by family partition	50%
'Y' % Share of acquisition by family partition	50%
<b>'X' Share valuation 1 (50% share)</b>	
Base year to consider for capital gain	0.04.1981
Applicable Cost Index	Old Cost Index
Land acquisition Year	1981
Cost of Land acquisition	Rs. 20000
'X' % Share of acquisition by family partition	50%
Cost of Land acquisition for 'X' %Share	Rs. 10000
Year of Commercial building construction	1998-99
Total Cost of the building	Rs. 2,00,000
Cost of Commercial building for 'X' %Share	Rs. 1,00,000
<b>Indexation</b>	
Cost index on land purchase year (1981-82)	<b>100</b>
Cost index on Commercial building (1998-99)	<b>351</b>

Cost index on year of sale (FY 2016- 2017)	<b>1125</b>
FMV of the land after indexation	Rs 1,12,500
FMV of the building after indexation	Rs 3,20,513
FMV of the property for 'X' %Share	Rs 4,33,013
<b>'X' Share valuation 2 (Balance 50% share)</b>	
Cost of acquisition from 'Y' %Share	Rs 6,00,000
Year of purchase from 'Y'	2003 -04
<b>Indexation</b>	
Cost index on purchase year (FY 2003-04)	<b>463</b>
Cost index on year of sale (FY 2016- 2017))	<b>1125</b>
FMV of purchased 'Y' share after indexation	Rs 14,57,833
<b>'X' Share valuation 3 (Improvements)</b>	
Improvements made	Rs 5,00,000
Year of Improvements made	2011-12
<b>Indexation</b>	
Cost index on Improvements year (2011-12)	<b>785</b>
Cost index on year of sale (FY 2016- 2017))	<b>1125</b>
FMV of Improvements after indexation	Rs 7,16,561
<b>Abstract</b>	
FMV of the property for 'X' %Share	Rs 4,33,013
FMV of purchased 'Y' share after indexation	Rs 14,57,833
FMV of Improvements after indexation	Rs 7,16,561
Total FMV of the property	Rs 26,07,407
<b>Capital gain</b>	
Sale price	Rs 35,50,000
FMV of the property	Rs 26,07,407
Capital gain	Rs 9,42,593

**Assuming, if the property is sold in May 2017**

Property purchaser (Previous owner)	Mr A
Year of purchase (Previous owner)	1981
Old Building constructed year	1981
Old Building demolition year	Not known
New Building constructed year	1998-99
Holding period to be adopted for land	From FY 1981 -1982
Holding period to be adopted for the building	From FY 1998 -1999
Year of Transfer through family partition	FY1999-2000
'X' % Share of acquisition by family partition	50%
'Y' % Share of acquisition by family partition	50%
<b>'X' Share valuation 1 (50% share)</b>	
Base year to consider for capital gain	01.04.2001
Applicable Cost Index	New Cost Index
Guide line value as on 01.04.2001 per sqft	Rs 40
Cost of Land acquisition as on 01.04.2001	Rs 40,000
'X' % Share of acquisition by family partition	50%
Cost of Land acquisition for 'X' %Share	Rs 20,000
Year of Commercial building construction	1998
Total Cost of the building @ Rs 300 / sqft as on 2001-02	Rs 3,00,000
Less: Depreciation for 3 years (5%)	Rs 15,000
Cost of Commercial building as on 01.04.2001	Rs 2,85,000
Cost of Commercial building for 'X' %Share	Rs 1,42,500
Total cost of land & building as on 01.04.2001	Rs 1,62,500

<b>Indexation</b>	
Cost index as on 01.04.2001 (2001-02)	<b>100</b>
Cost index on year of sale ((FY 2017-18)	<b>272</b>
FMV of the property for 'X' %Share	Rs 4,42,000
<b>'X' Share valuation 2 (Balance 50% share)</b>	
Cost of acquisition from 'Y' %Share	Rs 6,00,000
Year of purchase from 'Y'	2003 -04
<b>Indexation</b>	
Cost index on purchase year (FY 2003-04)	<b>109</b>
Cost index on year of sale (FY 2017-18)	<b>272</b>
FMV of purchased 'Y' share after indexation	Rs 14,97,247
<b>'X' Share valuation 3 (Improvements)</b>	
Improvements made	Rs 5,00,000
Year of Improvements made	2011-12
<b>Indexation</b>	
Cost index on Improvements year (2011-12)	<b>184</b>
Cost index on year of sale (FY 2017-18)	<b>272</b>
FMV of Improvements after indexation	Rs 7,39,130
<b>Abstract</b>	
FMV of the property for 'X' %Share	Rs 4,42,000
FMV of purchased 'Y' share after indexation	Rs 14,97,247
FMV of Improvements after indexation	Rs 7,39,130
Total FMV of the property	Rs 26,78,377

Capital gain	
Sale price	Rs 35,50,000
FMV of the property	Rs 26,78,377
Capital gain	Rs 8,71, 623

### Case study 2

Valuation of 999 years Leasehold Residential Premises (Land + Building) for calculating Cost of Acquisition for computing Capital Gains as on 1<sup>st</sup> April 2001.

#### Document reference:

No	Year	Details
1	1940	Municipal Corporation of Greater Mumbai gave Land X ( Located in Mumbai City ) to Mr. A on lease for 999 years
2	1943	Municipal Corporation gave Permission to Mr. A to Construct a Building on the land X
3	1943	Mr. A became the Confirming Party and requested the Municipal Corporation to make B- CHSL as the Lessee of the said plot for 999 years. – No consideration passed between Mr. A & B-CHSL
4	1949	B-CHSL requested Municipal Corporation to make Mr. C as a Lessee — No consideration passed between Mr. C & B-CHSL
5	1949	Municipal Corporation gave Building Completion Certificate to Mr. C for the Building constructed on Plot X
6	1956	Deed of Settlement made between Mr. C – Settlor & Mrs. C & Mr. D – Trustees for the Purpose of Trust for Maintenance of Mrs. C & Children of Mr. & Mrs. C. After Death of Mrs. C ; The Shares in the said building to be equally distributed among the 3 Children of Mr. & Mrs. C
7	1 <sup>st</sup> April 2001	Mrs. C & Mr. D – The Trustees were the Lessees of the said premises as on 1 <sup>st</sup> April 2001 & it may be inferred that the Lessees and their predecessors had been pay a yearly rent of around Rs.5000/- for the said premises.

8	2018	Mrs. C Expired in 2018; The Trust got dissolved as per the conditions of the Trust & Mr. E, Mr. F & Mr. G became equal owners of the said building on Plot X. The said Building has 7 flats out of which 4 flats are occupied by recognized Tenants who used pay the rent to the Trust and after 2018 to the current Lessees i.e. Mr. E , Mr. F & Mr. G
9	2020	The Estate Department of Municipal Corporation took the names of Mr. E, Mr. F & Mr. G on record as the Lessees for the said premise.
10	2024	Mr. E, Mr. F & Mr. G entered into a redevelopment agreement with Mr. H. The Conveyance of Land has not taken place and Mr. E, Mr. F & Mr. G are still Lessees as per Municipal Corporation Records.

On March 2024, Mr. E, Mr. F & Mr. G have requested the Valuer to give them the Valuation of the said Premises ( Land + Building)as on 1<sup>st</sup> April 2001 for computing the Capital Gains.

Queries:

1. In this case how can we calculate the Cost of Acquisition for Calculating the Long Term Capital gains that shall be incurred by the current Lessees Mr. E, Mr. F & Mr. G as they are still Lessees as per records and not the owners of the said premises?
2. As on 1<sup>st</sup> April 2001 only 61 years of Lease out of 999 years of lease had passed and the balance lease was for 938 years.
3. The experts in the industry suggested that as the lease is for 999 years, it is considered as a perpetual lease and the Lessees are considered as owners for all calculation purposes and the land and Building valuation may be done as if the Lessees were the owners and a certain amount as prescribed by the Municipal Corporation should be paid to the Corporation as a Transfer fee.

4. I understand the above if the purpose of the Valuation was for Current Market Price for Development or Sale purpose.

5. My query is that for calculating Capital Gains we have to calculate the Cost of Acquisition as on 1<sup>st</sup> April 2001, but how can we calculate the cost of acquisition of the Lessees even though they still have 938 yrs of lease remaining, as the Lessees have not purchased the plot and are only lessees and the original owners of the said premises is the Municipal Corporation.

### **Income Tax Act provisions**

#### **1. Section 27(iiiia): Person in Possession of a Property**

A person who is allowed to take or retain the possession of any building or part thereof in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act shall be deemed owner of that house property. This would cover cases where the (a) Possession of property has been handed over to the buyer, (b) Sale consideration has been paid or promised to be paid to the seller by the buyer, (c) Sale deed has not been executed in favour of the buyer, although certain other documents like power of attorney/agreement to sell/will etc. have been executed. The buyer would be deemed to be the owner of the property although it is not registered in his name.

#### **2. Section 27(iiib): Person having right in a Property for a period not less than 12 years**

A person who acquires any right in or with respect to any building or part thereof, by virtue of any transaction as is referred to in section 269UA(f) i.e. transfer by way of lease for not less than 12 years shall be deemed to be the owner of that building or part thereof. This will not cover the case where any right by way of a lease is acquired from month to month basis or for a period not exceeding one year.



### **3. “269UA (f) ‘transfer’**

(i) in relation to any immovable property referred to in sub-cl. (i) of cl. (d), means transfer of such property by way of sale or exchange or lease for a term of not less than twelve years, and includes allowing the possession of such property to be taken or retained in part performance of a contract of the nature referred to in s. 53A of the Transfer of Property Act, 1882 (4 of 1882)

Explanation.—For the purposes of this sub-clause, a lease which provides for the extension of the term thereof by a further term or terms shall be deemed to be a lease for a term of not less than twelve years, if the aggregate of the term for which such lease is to be granted and the further term or terms for which it can be so extended is not less than twelve years;

#### **Answer:**

As per the hierarchy records of the Municipal Corporation, it is inferred that A, B, C, D, E, F and G are the legal holders from time to time for holding the said land transferred by the Municipal Corporation of Greater Mumbai (Located in Mumbai City) to Mr. A on lease for 999 years from 1942 onwards. As on March 2024, it is established E, F & G are still Lessees as per Municipal Corporation Records.

On reviewing the parent lease deed by the Municipal Corporation of Greater Mumbai (Lessor) to Mr. A (Lessee) in the year 1942, it is inferred that, the subject land was transferred for a premium amount with a rent payable yearly.

For calculating Capital Gains, the Cost of Acquisition as on 1<sup>st</sup> April 2001 of the land and building can be determined, though the Lessees have not purchased the plot and are only lessees, being the deemed owners of the property after clearing dues towards the said premises to the Municipal Corporation.

## Section 50C

**26:** For whom the applicability of section 50C will attract?

**Answer:** The provisions of section 50C are applicable only for the computation of capital gains in real estate transactions **concerning the seller** and not for the purchaser.

**27:** On what occasions section 50C cannot be applied?

**Answer:** When a property is held as stock-in-trade or transfer of leasehold rights in land, development rights (without land), it would not be a capital asset and, hence, section 50C cannot be invoked.

Financial Year	Deemed to be the full value of consideration
Up to FY 2017-18	Where the sale value of a land or building or both, is less than stamp duty value, then stamp duty value will be deemed to be the full value of consideration. If the date of agreement and actual date of registration of sale is not the same, the value adopted by stamp duty authority as on the date of agreement can be taken as sale consideration.
FY 2018-19 & 2019-20	Where stamp duty value does not exceed 105% of the sale consideration, the consideration so received shall be deemed to be the full value of the consideration. If the date of agreement and actual date of registration of sale is not the same, the value adopted by stamp duty authority as on the date of agreement can be taken as sale consideration.
From FY 2020-21	Where stamp duty value does not exceed 110% of the sale consideration, the consideration so received shall be deemed to be the full value of the consideration. If the date of agreement and actual date of registration of sale is not the same, the value adopted by stamp duty authority as on the date of agreement can be taken as sale consideration. Where stamp duty value does not exceed 20% of the consideration, from 12 <sup>th</sup> November 2020 for only primary sale of residential units of value up to Rupees Two crores.

**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	
Stamp duty value as per document	
Allowable % for sale consideration	
Allowable sale consideration value	
Actual sale consideration as per document	
Difference on 105% on SDV over	
Under section 50 C, deemed sale value	
For capital gain, what is the FMV	
For registration what will be SDV	
<b>Section 50C is enforceable on this case</b>	

**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	
Stamp duty value as per document	
Allowable % for sale consideration	
Allowable sale consideration value	
Actual sale consideration as per document	
Difference on 105% on SDV over	
Under section 50 C, deemed sale value	
For capital gain, what is the FMV	
For registration what will be SDV	
<b>Section 50C is can / cannot be enforced</b>	

- 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	
Stamp duty value as per document	
Allowable % for sale consideration	
Allowable sale consideration value	
Actual sale consideration as per document	
Difference on 110% on SDV is less	
Under section 50 C, deemed sale value	
For capital gain, what is the FMV	
For registration what will be SDV	
<b>Section 50C is can / cannot be enforced</b>	

- 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	
Stamp duty value as per document	
Allowable % for sale consideration	
Allowable sale consideration value	
Actual sale consideration as per document	
Difference on 120% on SDV is less	
Under section 50 C, deemed sale value	
For capital gain, what is the FMV	
For registration what will be SDV	
<b>Section 50C is can / cannot be enforced</b>	

**32:** Hypothetical question: An assessee wish to sell his property and directed the valuer to determine the stamp duty value for fixing the probable sale consideration value to be fixed either during 2017-18 or 2018-19 for reducing the capital gain tax for the property purchased during March 2001 for Rs 10.25 lakhs. What will be the capital gain, if the property is sold during these years?

Description	Area	Ready Reckoner rate on the sale date 2017-18	Ready Reckoner rate on the sale date 2018-19	Stamp duty value as on FY 2017-18	Stamp duty value as on FY 2018-19
Land	1000	₹ 1,750	₹ 1,850	₹ 17,50,000	₹ 18,50,000
Building	1500	₹ 1,100	₹ 1,300	₹ 16,50,000	₹ 9,50,000
Services	22.50%	₹ 16,50,000	₹ 19,50,000	₹ 3,71,250	₹ 4,38,750
Amenities		Actual		₹ 4,50,000	₹ 5,00,000
Total				₹ 42,21,250	₹ 47,38,750
Depreciation - Depending upon building age				- ₹ 12,66,375	- ₹ 15,00,604
Property Stamp duty value				₹ 29,54,875	₹ 32,38,146
Permissible limit on Stamp duty value				105%	110%
Probable sale consideration value to be fixed				₹ 28,14,167	₹ 29,43,769
Capital gain working				FY 2017-18	FY 2018-19
Land & building purchase price				₹ 10,25,000	₹ 10,25,000
Cost Inflation Index on acquisition year (FY 2001-02)				100	100
Cost Inflation Index on the sale year (FY 2001-02)				272	280
Indexed cost of acquisition				₹ 27,88,000	₹ 28,70,000
probable sale consideration value to be fixed				₹ 28,14,167	₹ 29,43,769
Taxable capital gain				₹ 26,167	₹ 73,769

**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		SDV / SV - Amount
2	4,00,000	3,92,000		SDV / SV - Amount
3	4,05,000	4,30,000		SDV / SV – Amount

**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		SDV / SV - Amount
2	7,22,000	7,92,000		SDV / SV - Amount
3	10,28,000	10,20,000		SDV / SV - Amount

- 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	
Sale agreement date	
Total sale consideration	
Advance paid on agreement (Sep 2017)	
Mode of payment of advance	
Ready reckoner rate on agreement date	
Ready reckoner rate on date of registration	

At what GLV rate the SDV will be paid?	
At what rate the CG will be determined?	
Why GLV as on the date of agreement cannot be adopted?	

- 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	
Sale agreement date	
Total sale consideration	
Advance paid on agreement (Sep 2017)	
Mode of payment of advance	
Ready reckoner rate on agreement date	
Ready reckoner rate on date of registration	
At what GLV rate the SDV will be paid?	
At what rate the CG will be determined?	
Why GLV as on the date of agreement can be adopted?	

### **Agricultural lands & Compulsory acquisition**

#### **Section 2 (14) (ii)** Agricultural land in India, **not being a land situated:**

- (a). Within the jurisdiction of the municipality, notified area committee, town area committee, cantonment board and which has a population not less than 10,000;
- (b). Within the range of the following distance measured aerially from the local limits of any municipality or cantonment board:
  - i. Not being more than 2 Km, if the population of such area is more than 10,000 but not exceeding 1 lakh;
  - ii. Not being more than 6 Km, if the population of such area is more than 1 lakh but not exceeding 10 lakhs; or
  - iii. Not being more than 8 Km, if the population of such area is more than 10 lakhs.

**Explanation:** For the purpose of this clause, 'population' means the population according to the last preceding census of which the relevant figures have been published before the first day of the previous year.

For specifying certain areas for the purposes of the urbanization, the Government issued a **Notification No. [SO 9447] (File No. 164/3/87-ITA.I)**, dated. **6-1-1994** under Income-tax act, 1961: notification under section 2(1A)(C), proviso, clause (II)(B) and section 2(14)(III)(B) : Urbanisation of areas

**Section 10.** In computing the total income of a previous year of any person, any income falling within the following clauses **shall be excluded**

**Section 10 (37):** in the case of an assessee, being an individual or a Hindu undivided family, any income chargeable under the head "Capital gains" arising from the transfer of agricultural land, where—



(i) Such land is situated in any area referred to in item (a) or item (b) of sub-clause (iii) of clause (14) of section 2;

(ii) Such land, during two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu Undivided Family or individual or a parent of his;

(iii) Such transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the Central Government or the Reserve Bank of India;

(iv) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st day of April 2004.

**Explanation:** For the purposes of this clause, the expression “compensation or consideration” includes the compensation or consideration enhanced or further enhanced by any court, tribunal, or other authority;

## **Section 54 B**

1. Eligible taxpayers - Individual and HUF

2. Capital gains eligible for exemption - Short-term or Long-term

3. Capital gains arising from transfer of – Agriculture land used by taxpayer or by his parents or HUF for agriculture purposes in last 2 years before its transfer

4. Assets to be acquired for exemption- Agricultural land (may be in an urban area or rural area)

5. Time limit for acquiring the new assets - Within 2 years after the date of transfer

6. Exemption Amount -Investment in agricultural land or capital gain, whichever is lower

7. Withdrawal of exemption- If a new asset is transferred within 3 years of its acquisition

8. Deposit in Capital gains deposit scheme before the due date under Sec. 139(1) can be made.

### **Valuation of Agricultural land in a nutshell**

**Eligibility:** The assessee can be Hindu Undivided Family or individual or a parent of his

<b>Urban Agricultural land</b>	<b>Rural Agricultural land</b>
Not used for agricultural purpose for a minimum 2 years before sale transfer	Not treated as a capital asset under section 2 (14)
Liable for LTCG / STCG within 2 years after sale transfer	No capital gain
Section 54 B exemption is not available	

<b>On Compulsory acquisition</b>		
<b>Urban Agricultural land</b>		<b>Rural Agricultural land</b>
Used for agricultural purpose for 2 years before sale transfer	Liable for LTCG / STCG within 2 years after sale transfer	Not treated as a capital asset under section 2(14)
Compulsory acquisition by Government / RBI notification	Section 54 B exemption is available	Section 54 B exemption is available
Exempted under 10/37	If sold within 3 years Section 54 B exemption will be withdrawn	If sold within 3 years Section 54 B exemption will not be withdrawn
	If sold after 3 years Section 54 B exemption will not be withdrawn	If sold after 3 years Section 54 B exemption will not be withdrawn

If your agricultural land meets the definition of agricultural land as per income tax laws, it is not treated as a capital asset for taxation purposes. Therefore, profits from the sale or transfer of this land do not count as income for tax purposes and do not need to be disclosed in the income tax return

Agricultural land in a rural area is not considered a capital asset and therefore gain on sale of the same is not subject to income tax. On the other hand, the gain on a sale of urban agricultural land is subject to income tax under the head 'capital gains'.

**01:**An agricultural land is situated in the middle of the municipal / city corporation limits. Whether this agricultural land is included or excluded from the meaning of capital asset?

**Answer:** This agricultural land situated in the middle of the municipal / city corporation limits is considered a capital asset.

**02:**An agricultural land is situated in the middle of the Municipal / City Corporation limits. If the land is sold, whether this land will attract capital gain tax?

The agricultural land, during two years immediately preceding the date of transfer, if it is **used for agricultural purposes** by such Hindu Undivided Family or individual or a parent of his, the capital gain will not be attracted under section 10(37).

**03:**An agricultural land is situated in the middle of the municipal / city Corporation limits. The land is acquired by the government on compulsory acquisition for development purposes. Whether the sale proceeds attract capital gain?

**Answer:**If that land transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the Central Government or the Reserve Bank of India, the capital gain will not be attracted

**04:**An Assessee purchased an agricultural land of 1.00 acre in his individual capacity. He started a real estate business and converted this property as a stock in trade and developed it on flat promotion. Whether he is subjected to capital gain?

**Answer:** The agricultural land, whether rural or urban, on the conversion of the land as stock in trade, means it is a transfer. For him, as an assessee, in his individual status as per IT Act, the asset becomes a capital asset and it is transferred. Hence, the Assessee is subject to capital gain tax as an individual assessee.

On conversion of the land as stock in trade, while selling, the sale proceeds derived from stock in trade will be subjected to the Assessee flat promotion business income and profit will be based on the prevailing income tax bracket.

**05: Cost of acquisition for subsequently converted non-agricultural land**

**CBDT:** Only during the period between 1st August 1969, when Instruction No.90 of CBDT was issued till 23rd September 1971. When this instruction was withdrawn, the Cost of Acquisition for agricultural land had to be determined based on the value as estimated on the date of conversion of agricultural land into non-agricultural land.

After Instruction No.90 was expressly withdrawn on 23-09-1971..... till today, now the cost of acquisition is considered as the cost to the previous owner irrespective of the fact that the asset on the relevant date of acquisition fell within the ambit of definition of a capital asset or not.

Therefore, such land should be valued as agricultural land as on the relevant date of 1-04-1981/2001, and conversion charges paid to authority would be allowed as improvement in the year when it is converted to nonagricultural land.

**06:** When the property was acquired in 1998, it was agricultural land in a village area. Now it is included by the urban development authority within City Corporation in the residential zone. Whether the date of acquisition (1998) or the present status has to be considered for capital gain purpose?

**Answer:** The date of acquisition (1998) as agricultural land alone will be considered for the capital gain purpose. The present status on the sale date need not be considered, for taxation purposes. In the case of splitting the land on a piece-meal basis for residential/commercial, the expenditure incurred or is to be treated as Improvement Cost from the old status to a new status.

The date of acquisition has to be considered for capital gain purposes. We have to add the increase in the cost of improvement from its previous to present status also. The court judgment is very clear that status on the date of valuation as of 1-04-1981/ 2001 has to be considered, even if agricultural land was not included in the definition of the capital asset as of 01-04-1981 / 2001 (refer to court judgments on agricultural lands)

**07:**For widening of the road or other purposes, the government acquired a residential/commercial property on the compulsory acquisition and pays compensation. Whether the compensation will be subjected to tax?

**Answer:** The compensation will be subjected to tax. Section 45 (5) of the Income Tax states that where the capital gain arises, being a transfer by way of compulsory acquisition under any law, and the compensation or the consideration for such transfer is enhanced or further enhanced by any court, tribunal, or other authority, the capital gain shall be dealt with in the prescribed manner.

Section 194LA provides that where any immovable property, other than agricultural land, is compulsorily acquired under any law in force, the person responsible for paying any sum to a resident by way of compensation or enhanced compensation is required to deduct tax.

### **Joint Development Agreement**

Whether joint venture (development) agreement is a transfer?

**Answer: Yes.** A joint venture agreement is a transfer. (Refer section 53A of Transfer of Property Act)

Section 53A of Transfer of Property Act: Part performance. — Where any person contracts to transfer for consideration any immoveable property by writing signed by him or on his behalf from which the terms necessary to constitute the transfer can be ascertained with reasonable certainty, and the transferee has, in part performance of the contract, taken possession of the property or any part thereof, or the transferee, being already in possession, continues in possession in part performance of the contract and has done some act in furtherance of the contract, and the transferee has performed or is willing to perform his part of the contract, then, notwithstanding that where there is an instrument of transfer, that the transfer has not been completed in the manner prescribed there for by the law for the time being in force, the transferor or any person claiming under him shall be debarred from enforcing against the transferee and persons claiming under him any right in respect of the property of which the transferee has taken or continued in possession, other than a right expressly provided by the terms of the contract: Provided that nothing in this section shall affect the rights of a transferee for consideration who has no notice of the contract or of the part performance thereof.

As per the provisions of sec. 45 of the Income Tax Act, 1961, a person is liable to capital gains in the year in which transfer takes place, irrespective of receipt of sale consideration. However, a new amendment, sec. 45(5A) is introduced by Finance Act, 2017, with effect from 01/04/2018. According to this amendment, the landowners, who enter into a joint development agreement with the builder/promoter are liable to capital gains in the year in which the certificate of completion is issued by the competent authority.

### **LTCG Taxation on flat in Redevelopment Project**

The act of a flat-owner handing over possession of a flat to the developer in exchange for a new flat comes under the purview of 'transfer' of a capital asset. Such a transfer attracts Capital Gains Tax. Consequently, the Capital Gains Tax liability is triggered in the year of the transfer by the flat-owner (without going into the implications of section 45(5A) of the Income-tax Act, 1961).

As per this section 45(5A) capital gains arising to individuals and HUF, by entering into a prescribed agreement (Joint Development Agreement) for the development of a project, would be taxable in the year in which the designated authorities issue a certificate of completion for the whole or part of the project.

#### **Capital Gain Exemption U/s 54:**

As per Section 54 of the Income Tax Act, 1961, if any residential property which was held for a period of more than 3 years is sold or given for redevelopment and the new flat is purchased or acquired within a period of 1 year before or 2 years after the sale or constructed within 3 years after the sale then capital gain arising on the transfer of the old flat will be exempt to tax u/s. 54 of the Income Tax Act, 1961 to the extent of the cost of such new flat. In the case of redevelopment, the new flat to be acquired is treated as constructed for the purpose of the Section 54.

Thus, if the new flat is acquired by the owner within a period of 3 years from the surrender of the original flat then the capital gain arising from the sale of the original flat can be claimed to be exempted u/s. 54 of the Income Tax Act.

For computing capital gains on transfer of an old flat, the fair market value of the new flat (**on the date of transfer**, which is **date of signing an agreement & handing over possession of old flat**) in addition to the monetary compensation received could be regarded as the sale consideration.

The indexed cost of acquisition (if the flat is acquired before 1 April 2001, then the cost of acquisition should be fair market value as on 1 April 2001) of the old flat is reduced from the sale consideration. Furthermore, the indexed cost of improvement incurred on the flat, if any, is reduced. The balance amount is the capital gains or loss on the transfer.

### **Additional area in the hands of individual members**

The Receipt of extra carpet area over and above the existing area could be claimed as exemption u/s. 54 of the Income Tax Act, 1961.

### **New Flat pursuant to redevelopment agreement – Whether it will be treated as Purchase or Construction for capital Gain Exemption U/s 54?**

In the case of redevelopment, the new flat to be acquired is normally treated as construction for the purpose of the Section 54. As a result, if the new flat is acquired by the owner within a period of 3 years from the surrender of the original flat then the capital gain arising from the sale of the original flat can be claimed as exempt u/s. 54 of the Income Tax Act. Further, the allotment of a flat or a house by a cooperative society of which the assessee is the member is also treated as construction of the house [Circular No. 672, dated 16-12-1993].

### **Timing of Taxation:**

Under the Indian Income Tax Law, the capital gain tax liability arises on the “Transfer” of capital assets. The capital gain transaction is nowhere dependent on the receipt of any amount/ sale consideration. The definition of “Transfer” according to Sec 2(47) Income Tax Act, 1961 in relation to a capital asset includes sale, exchange, or relinquishment of the asset or the extinguishment of any rights therein or the compulsory acquisition thereof under any law. An exchange involves the transfer of property by one person to another and reciprocal transfer of property by that other person to the first person of some other property. There must be a mutual transfer of ownership of one thing for the ownership of another.

In Redevelopment process, you are handing over/ surrendering rights over the old flat and in exchange you would be receiving back a new flat of bigger size. Handover of the flat pursuant to the agreement of redevelopment & sale as mentioned in your query tantamount to the transaction of “Transfer” under the Income Tax Act-1961 & the same would result in “Capital Gain” income in your hands.

Even though there is no transaction of money or flow of money in the transactions, still the “Capital gain” would be there in your hands. Capital gain accrues in your



hand at the time of signing the agreement for redevelopment/sale and/or handing over vacant possession of old flat. However, the tax liability may not be there immediately in your case by virtue of availability of capital gain exemption U/s 54.

**Income Tax Department Stand:**

Income tax department has taken a stand that **all redevelopment cases will be treated as “transfer”** and would be covered for LTCG and LTCG taxes would be levied where possession is beyond 3 years (36 months). It is therefore essential that flat owners' insist on possession within 36 months from the date they vacated old flat and handed over possession to Developer for Redevelopment. Members may like to add a clause in Development Agreement that if there is delay beyond 36 months, Developer has to reimburse LTCG Tax liability.

Further, under the definition of “Transfer” according to Sec 2(47) Income Tax Act, 1961, transfer, in relation to a capital asset, includes sale, exchange, or relinquishment of the asset or the extinguishment of any rights therein or the compulsory acquisition thereof under any law. An exchange involves the transfer of property by one person to another and reciprocally the transfer of property by that other to the first person. There must be a mutual transfer of ownership of one thing for the ownership of another. Hence, the acquisition of new flat would be considered as exchange and would be considered as transfer for the purpose of capital gain.

Argument could not be made that no cost is incurred by any member for the acquisition of the new flat and hence capital gain cannot be computed and the case does not fall within the ambit of Section 55(2). The member is forgoing his rights in the old flat. And hence, it would be considered as the cost of acquisition of the new flat.

**What happens, if the Builder delays possession of new flat beyond (36 months)?**

The allotment of a flat or a house by a cooperative society, of which the old flat owner is the member, is treated as construction of the house [Circular No. 672, dated 16-12-1993].

If the new flat is not acquired by the owner within a period of 3 years (36 months) then the Assessing Officer at his discretion can disallow the exemption under Section 54 at any time during the assessment. Income Tax can reopen assessment within 6 years from the end of assessment year to send you notice for reopening the assessment. Effectively it means 3+6 years.

### **Arguments presented to Income Tax:**

The assessee can argue that they are entitled to claim exemption in respect of capital gains even though the construction is not completed within the statutory time limit (3 years). Courts have also applied the same analogy where the assessee made substantial payment within the prescribed time and thus acquired substantial domain over the property, although the builder failed to hand over the possession within the stipulated period of 3 years. Hence, relying upon various judgments, even if in the case of redevelopment, the new flat is acquired by the owner after a period of 3 years from the surrender of the old flat, an assessee can put up a claim of exemption u/s. 54. The timing of receipt of the new property should not obstruct the claim of the relief mentioned above. Reliance should be placed on judicial precedents that have allowed a liberal interpretation of the benefits of the provision, even if the property is not in the possession of the home-owner within the prescribed timelines.

One must carefully note that if the new flat is not acquired by the owner within a period of 3 years then the income tax authorities may disallow the exemption during the course of the assessment proceeding. However, subject to litigation at appellate forum, the courts have consistently held that the taxpayers shall be entitled to claim exemption in respect of capital gains even though the construction is not completed within the statutory time limit of 3 years/2 years. One may refer Sashi Varma v CIT (1997) 224 ITR 106 (MP). Further, the Delhi High Court in [CIT v R.C. Sood (2000) 108 Taxman 227 (Del)] has applied the same analogy where the assessee made substantial payment within the prescribed time and thus acquired substantial domain over the property, although the builder failed to hand over the possession within the stipulated period.

Many experts are also taking the stand that this transaction is very similar to barter type wherein Women giving back Jewellery to Jeweler and getting back new Jewellery but such transactions are of personal nature and not captured by Income Tax Authorities whereas Redevelopment related transactions are accessible on RERA website and even reflects in Annual Information Return (26AS) as all Redevelopment Agreements are registered and necessary stamp duty is also paid and Sub Registrar do share these data with Income Tax Authorities regularly. Income Tax Department has time of 6 years to reopen the tax assessment and until then there is hanging sword. In short, even if the new flat is handed over after a period of 3 years pursuant to the redevelopment agreement then also the taxpayers are allowed the capital gain exemption U/s54 by the judiciary (High Court). **Caution:**

If the new flat acquired by the original owner pursuant to the redevelopment agreement (on which taxpayers have claimed exemption u/s. 54) is sold within a period of 3 years from the date of its allotment then the capital gain exemption claimed earlier would become taxable in the year the new flat is transferred.

## **Conclusions**

Tax litigation in respect to Redevelopment is an emerging area and the matter has not reached finality at Supreme Court, which can take decades and until then there is hanging sword on Society & members as regards Capital Gain taxes and Corpus. For this, it is advisable to consult experts like Advocates, Solicitors, Chartered Accountants and get suitable advise including modifying the agreements or taking precaution in drafting the Development agreement so as to cover themselves from probable tax liability and litigation, which is costly and time consuming. Take into account cost of litigation and payment of at least 25% of taxes before filing appeal. Try and form association of all similar cases and fight this battle collectively instead of pursuing this matter individually.

## ANNEXURES

<b>Section 55</b>			
<b>Situation</b>	<b>Sale Date</b>	<b>CII</b>	<b>Cost of acquisition</b>
Immovable property Self-acquired / purchased before 01.04.1981	Sold on or before 31.03.2017	Old CII	Either Cost of acquisition or Fair Market Value at the option of the assessee
	Sold on or after 01.04.2017 but before 31.03.2020	New CII	Fair Market Value as on 01.04.2001
	Sold on or after 01.04.2020	New CII	Fair Market Value as of 01.04.2001 (Note: FMV not to exceed <b>SDV</b> )
Immovable property acquired from previous owner u/s section 49, (gift, will, etc.) before 01.04.1981	Sold on or before 31.03.2017	Old CII	Either Cost of acquisition or Fair Market Value at the option of the assessee
	Sold on or after 01.04.2017 but before 31.03.2020	New CII	Fair Market Value as on 01.04.2001
	Sold on or after 01.04.2020	New CII	Fair Market Value as of 01.04.2001 (Note: FMV not to exceed <b>SDV</b> )

**CII applicable up to F Y 2016-2017 [The base year 1981-82]**

<b>Financial year</b>	<b>Cost Inflation Index</b>	<b>Financial year</b>	<b>Cost Inflation Index</b>
1981-1982	100	1999-2000	389
1982-1983	109	2000-2001	406
1983-1984	116	2001-2002	426
1984-1985	125	2002-2003	447
1985-1986	133	2003-2004	463
1986-1987	140	2004-2005	480
1987-1988	150	2005-2006	497
1988-1989	161	2006-2007	519
1989-1990	172	2007-2008	551
1990-1991	182	2008-2009	582
1991-1992	199	2009-2010	632
1992-1993	223	2010-2011	711
1993-1994	244	2011-2012	785
1994-1995	259	2012-2013	852
1995-1996	281	2013-2014	939
1996-1997	305	2014-2015	1024
1997-1998	331	2015-2016	1081
1998-1999	351	2016-2017	1125

**CII applicable from F Y 2017 [The base year 2001-02]**

<b>Financial year</b>	<b>Cost Inflation Index</b>	<b>Financial year</b>	<b>Cost Inflation Index</b>
2001-02	100	2013-14	220
2002-03	105	2014-15	240
2003-04	109	2015-16	254
2004-05	113	2016-17	264
2005-06	117	2017-18	272
2006-07	122	2018-19	280
2007-08	129	2019-20	289
2008-09	137	2020-21	301
2009-10	148	2021-22	317
2010-11	167	2022-23	331
2011-12	184	2023-24	348
2012-13	200	2024-25	

**EXEMPTIONS ON CAPITAL GAINS**

<b>Section 54</b>	Profit/gains used for the purchase of new residence - Applicable to individual and HUF
<b>Section 54 B</b>	Exemption on capital gains from transfer of land used for an agricultural purpose - Agricultural land (urban area or rural area) - Applicable to individual & HUF
<b>Section 54 D</b>	Compulsory acquisition of land or building forming part of industrial undertaking (which was used for industrial purposes for at least 2 years before its acquisition).
<b>Section 54 EC</b>	Exemption on sale of house property on reinvesting in capital gains account scheme / Bonds- Any long-term capital asset being land or Building or Both - For any assessee

<b>Section 54 EE</b>	Within six months after the date of such transfer, if invested the whole or any part of capital gains in the long-term specified asset, the capital gain shall be exempted. Capital gain is not to be charged on investment in units of a specified fund.
<b>Section 54 F</b>	Exemption on capital gains on the sale of any asset other than a house property (vacant plot or commercial property) - Applicable to individual and HUF
<b>Section 54 G</b>	Land, building, plant or machinery, to shift industrial undertaking from urban area to rural area.
<b>Section 54GA</b>	Land, building, plant, or machinery, to shift industrial undertaking from an urban area to SEZ.
<b>Section 54 GB</b>	Residential property (house or a plot of land). Capital gain is eligible for a long term for a company.
<b>Section 54 H</b>	Time extension for acquiring a new asset or depositing or investing the amount of capital gain due to compulsory acquisition
Capital Gains Account Scheme 1988 (CGAS)	

**COST OF CONSTRUCTION  
FOR INCOME TAX PURPOSE**





### Plinth area measurement

The method of measurements are as per IS: 3861: 2002 (2nd Revision). The total plinth area of a building shall be the sum of the total plinth area at every floor level and the plinth area of the following:

(i) Basement (ii) Floor without cladding (Stilted floor). (iii) Floor of varied floorheights including the top floor which may be partially covered. (iv) Garages.

The method of measuring for the plinth area of the ground floor, open/protected veranda, Shafts, balconies, alcoves, Galleries, mezzanine floors, lofts, and plinth area at first and higher floors have been detailed. The following shall not be included in the plinth area but shall be allowed separately for costing purposes-

a) Area of the loft; b) Area of the architectural band, cornice, etc; c) Area of vertical sun breaker or box louver projecting out and other architectural features, for example, slab projection for a flower pot, etc; d) Open platform; e) Terrace; f) Open spiral/ service staircases; and g) Area of mumty (stairs headroom), machine room, towers, turrets, domes projecting above terrace level.

Name of Project:

Reference to building/location:

Abstract of Plinth Area building wise

ANNEXURE-III (b)

S. No.	Floor Designation	Floor No.	Plinth Area with;					
			Standard floor height		More than standard floor height		Less than standard floor height	
			Height (in m)	Area (in sqm)	Height (in m)	Area (in sqm)	Height (in m)	Area (in sqm)
1	Basement	(-x)						
2	(i) Ground Floor	0						
	(ii) Stilted floor	0						
	(iii) Porch (at ground floor)							
3	First floor	1						
4	Second floor	2						
5	Typical floor	3						
6								
7								
8								
9	Terrace floor							
	(i) Mumty							
	(ii) Machine rooms							
10	Mezzanine floor (at any floor)							
11	Domestic help's / service staff accommodation (at any floor)							
	Total Plinth Area (in building)							

PLINTH AREA RATES AS ON 01.04.2019

ANNEXURE - 1

Sl. No.	Description	Non-Residential Buildings		Residential Buildings
		Office/School /College	Hospital	Hostels/Quarters (Type- I to Type-VI Qtrs.) & Bungalows (Type-VII & VIII)
		(Rates in Rupees Per Sqm.)		
1.0	BUILDING COST (Specifications as per Annexure-II)			
1.1	RCC FRAMED STRUCTURE (Upto Six Storeys)			
1.1.1	Floor ht. 3.60 m.	25500	26800	-
1.1.2	Floor ht. 2.90 m.	-	-	19500
1.2	LOAD BEARING STRUCTURE (Upto Four Storeys)			
1.2.1	Floor ht. 3.60 m.	21700	22800	
1.2.2	Floor ht. 2.90 m.	-	-	16600
1.3	EXTRA FOR			
1.3.1	Extra for every additional storey over six storeys upto twelve storeys (For RCC Framed Structure only)	580		
1.3.2	Every 0.3 m. additional/lesser height of floor above normal floor height of 3.60 m./2.90 m.	335		
1.3.3	Every 0.3 m. higher plinth over normal plinth height of 0.45 m. (on G.F. area only )	335		
1.3.4	Every 0.30 m. deeper foundations over normal depth of 1.20 m. (on G.F. area only)	160		

PLINTH AREA RATES

as on 01.04.2020

Rate in ₹ per sqm

Sl. No.	Description	Non-Residential Buildings			Rate in ₹ per sqm
		Offices/ Colleges	Hospitals	Schools	Residential Buildings
					Hostels/Quarters
1.0	BUILDING COST (Specifications as per Annexure-I)				
1.1	RCC FRAMED STRUCTURE (Upto six storeys)				
1.1.1	Floor height 3.60 metre	25800	27100	20700	-
1.1.2	Floor height 3.00 metre	-	-	-	19700
1.2	COMPOSITE (PARTIALLY LOAD BEARING AND PARTIALLY RCC FRAMED) STRUCTURE (Upto six storeys)				
1.2.1	Floor height 3.60 metre	21900	23000	17800	-
1.2.2	Floor height 3.00 metre	-	-	-	16800
1.3	EXTRA FOR				
1.3.1.1	For seven to twelve storey For every additional storey.	100			
1.3.1.2	For thirteen to eighteen storey For every additional storey.	200			
1.3.1.3	For nineteen to twenty four storey For every additional storey.	300			
1.3.1.4	For twenty five to thirty storey For every additional storey.	400			
1.3.1.5	For thirty one to thirty six storey For every additional storey.	500			
1.3.1.6	For thirty seven to forty two storey For every additional storey.	600			
	Similarly extra rate per storey may be increased by Rs. 100 per sqm for the next set of six stories				
1.3.2	Every 0.3 metre or part thereof, additional/lesser height of floor above normal floor height of 3.60 metre / 3.00 metre	350			
1.3.3	Every 0.3 metre or part thereof, higher plinth height over normal plinth height of 0.45 metre (on ground floor area only).	350			
1.3.4	Every 0.30 metre or part thereof, deeper foundations over normal depth of 1.20 metre (on ground floor area only).	200			

**PLINTH AREA RATES**

as on 01.04.2021

Rate in ₹ per sqm

S. No.	Description	Non-Residential Buildings			Residential Buildings
		Offices/ Colleges	Hospitals	Schools	Hostels/Quarters
1.0	BUILDING COST (Specifications as per Annexure-I)				
1.1	RCC FRAMED STRUCTURE (Upto six storeys)				
1.1.1	Floor height 3.60 meter	27,090	28,455	21,735	-
1.1.2	Floor height 3.00 meter	-	-	-	20,685
1.2	COMPOSITE (PARTIALLY LOAD BEARING AND PARTIALLY RCC FRAMED) STRUCTURE (Upto six storeys)				
1.2.1	Floor height 3.60 meter	22,995	24,150	18,690	
1.2.2	Floor height 3.00 meter	-	-		17,640
1.3	EXTRA FOR				
1.3.1	Set of six additional storeys (i.e. from 7 <sup>th</sup> to 12 <sup>th</sup> storey)	105			
	Similarly, extra for next set of six storeys may be increased by Rs. 105/- per sqm (viz Rs. 210/- per sqm for 13 <sup>th</sup> to 18 <sup>th</sup> storey, Rs. 315/- per sqm for 19 <sup>th</sup> to 24 <sup>th</sup> storey, Rs 420/- per sqm for 25 <sup>th</sup> to 30 <sup>th</sup> storey and so on). The applicable plinth area shall be the sum of plinth area of all the storeys within the set of six storeys. If the next set of storeys is having fewer than six storeys, the same procedure shall be followed. For example, if building is having 15 storeys, the additional rate applicable shall be (i) Rs 105/- per sqm for sum of plinth area between 7 <sup>th</sup> to 12 <sup>th</sup> storey and (ii) Rs. 210/- per sqm for sum of plinth area of 13 <sup>th</sup> to 15 <sup>th</sup> floor.				
1.3.2	Every 0.3 meter or part thereof, additional / less height of floor above normal floor height of 3.60 meter / 3.00 meter (on areas having additional / less height).	370			
1.3.3	Every 0.3 meter or part thereof, higher plinth height over normal plinth height of 0.60 meter (on ground floor area only).	370			
1.3.4	Every 0.30 meter or part thereof, deeper foundations over normal depth of 1.20 meter (on ground floor area only).	200			

**PLINTH AREA RATES**

as on 01.04.2023

Rate in ₹ per sqm

S. No.	Description	Non-Residential Buildings			Residential Buildings	
		Offices/Colleges	Hospitals	Schools	Hostels	Quarters
1.0	<b>BUILDING COST (Specifications as per Annexure-I)</b>					
1.1	<b>RCC FRAMED STRUCTURE (Upto six storeys)</b>					
1.1.1	Floor height 3.60 metre	30,820	32,370	24,730	-	
1.1.2	Floor height 3.00 metre	-	-	-	23,530	
1.2	<b>COMPOSITE (PARTIALLY LOAD BEARING AND PARTIALLY RCC FRAMED) STRUCTURE (Upto six storeys)</b>					
1.2.1	Floor height 3.60 metre	26,160	27,480	21,260		
1.2.2	Floor height 3.00 metre	-	-		20,070	
1.3	<b>EXTRA FOR</b>					
1.3.1	Set of six additional storey (i.e. from 7 <sup>th</sup> to 12 <sup>th</sup> storey)	120				
	Similarly, extra for next set of six storeys may be increased by Rs. 120/- per sqm (viz Rs. 240/- per sqm for 13 <sup>th</sup> to 18 <sup>th</sup> storey, Rs. 360/- per sqm for 19 <sup>th</sup> to 24 <sup>th</sup> storey, Rs 480/- per sqm for 25 <sup>th</sup> to 30 <sup>th</sup> storey and so on). The applicable plinth area shall be the sum of plinth area of all the storeys within the set of six storeys.  If the next set of storeys is having fewer than six storeys, the same procedure shall be followed. For example, if building is having 15 storeys, the additional rate applicable shall be (i) Rs 120/- per sqm for sum of plinth area between 7 <sup>th</sup> to 12 <sup>th</sup> storey and (ii) Rs. 240/- per sqm for sum of plinth area of 13 <sup>th</sup> to 15 <sup>th</sup> floor.					
1.3.2	Every 0.3 metre or part thereof, additional / less height of floor above normal floor height of 3.60 metre / 3.00 metre (on areas having additional / less height)	421				
1.3.3	Every 0.3 metre or part thereof, higher plinth height over normal plinth height of 0.60 metre (on ground floor area only).	421				
1.3.4	Every 0.30 metre or part thereof, deeper foundations over normal depth of 1.20 metre (on ground floor area only).	230				

## CPWD PAR METHOD

### Exercise 1

4 buildings was constructed in each FY2019-20, FY2021-21, FY 2021-22.and FY 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.

<b>Data for Base rate working</b>		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2023-24</b>
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	Residence	Residence	Residence	Residence
5	Type of building				
5	Each floor height as per CPWD PAR				
	Ground floor height of the building (actual)				
	First floor height of the building (actual)				
6	Foundation depth is below road level as per CPWD PAR				
	Foundation depth is below road level. (actual)				

7	Plinth level with respect to road level as per CPWDPAR				
	Plinth level with respect to road level(actual)				
1	<b>Base rate working - Ground floor</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2023-24</b>
1a	<b>Roof height adjustment</b>				
	Rate for every 0.30m additional / lesser floor height as per specn.				
	Additional / Lesser height as per actual Add/ Deduct for 0.10 m for lesser floor height				
1b	<b>Plinth height adjustment</b>				
	Rate for every 0.30m additional / lesser floor height as per specn.				
	Additional / Lesser height as per actual Add/ Deduct for 0.10 m for lesser floor height				
1c	<b>Foundation height adjustment</b>				
	Rate for every 0.30m additional / lesser foundation depth as per specn.				
	Additional height / Lesser fdn depth as per actual				

	Add/ Deduct for 0.10 m for lesser fdn depth				
	<b>Base rate working - Ground floor - Abstract</b>				
	Composite (part load bearing/part RCC framed) structure With the Base rate as per CPWD PAR				
	Roof height adjustment				
	Plinth height adjustment				
	Foundation height adjustment				
	<b>Adjusted rate working - Ground floor</b>				
2	<b>Base rate working - First floor</b>				
2a	<b>Roof height adjustment</b>				
	Rate for every 0.30m additional / lesser floor height as per specn.				
	Additional / Lesser height as per actual				
	Add/ Deduct for 0.10 m for lesser floor height				
	<b>Base rate working - First floor - Abstract</b>				
	Composite (part load bearing/part RCC framed) structure With the Base rate as per CPWD PAR				
	Roof height adjustment				
	<b>Adjusted rate working - First floor</b>				

**Extra provision for superior specifications & Additional items not covered under CPWD PAR**

1. Joineries size
2. Extra joineries provisions in areas
3. Quality of Joineries
4. Flooring specification laid over and above PAR
5. Extra Bath/ toilets / bathtub
6. Painting
7. Sanitary, water supply & electrical installations
8. Quality of toilet fittings
9. Quality of water supply fittings
10. Quality of electrical fittings

**Deductions for inferior specifications & unfinished works or not carried out in the building specifications covered under CPWD PAR**

1. Door and windows sizes
2. Quality of doors & windows
3. Flooring specification laid inferior to CPWD PAR
4. Less Bath/ toilets
5. Painting
6. Hall type construction
7. Unfinished works
8. Sanitary, water supply & electrical installations
9. Quality of toilet fittings
10. Quality of water supply fittings
11. Quality of electrical fittings



**Exercise 2– Determination of Cost Index**  
**Basic data: Material purchase price statement for**  
**the years 2019,2020, 2021 & 2023**

LOCATION		TRICHY	Market rates @ Trichy				
No.	Description	Unit	Rate on 01.08.2019	Rate on 01.08.2020	Rate on 01.08.2021	Rate on 01.08.2023	Qty
1	<b>Bricks</b> (FlyAsh)	1000 Nos	29000	27500	30000	32500	5000 Nos
2	<b>Cement</b> (OPC)	Quintal	350	320	330	340	50 kg
3	<b>TMT Steel</b>						
	50% 8-10mm	Quintal	4950	4350	5800	5900	100 kg
	50% 12-16mm		4900	4300	5800	5800	100 kg
4	Aggregate 20 mm natural source	Cum	1175	1130	1236	1021	Cum
	Aggregate 20 mm (RCA)		1030	1060	1060	928	Cum
5	Sand-coarse natural source / M Sand		1943	1589	1695	1590	Cum
	Sand-coarse (RCA)		1766	1413	1483	1261	Cum
6	<b>Flooring Items</b>						
	Vitrified tiles	Sqm	750	700	700	550	Sqm
	Ceramic tiles		350	350	350	350	Sqm
	Kota stone		400	350	350	350	Sqm
	Granite stone		1500	1500	1500	1800	Sqm

7	<b>Paints</b>						
	Synthetic Enamel Paint	Lt/ Kg	160	170	180	210	Lt
	Dry Distemper		70	50	50	65	Kg
	Premium acrylic paint		250	220	220	240	Lt
8	<b>Doors / windows - wooden / UPVC /Aluminum / Steel</b>						
	35 mm tk. flush door shutters both side commercial veneering	Sqm	900	950	1100	1200	Sqm
	Factory made Std. Z-section steel Window		1650	1700	1750	1750	Sqm
	UPVC windows		3100	3100	3600	3800	Sqm
	Aluminum Windows		2200	2300	2400	2400	Sqm
9	<b>Pipes</b>						
	15mm GI Pipe	M	90	85	90	110	Rm
	100mm CI Pipe		600	650	700	700	Rm
	20mm Black conduit		40	50	70	90	Rm
	20mm CPVC pipes		80	80	85	85	Rm

10	<b>Lamps &amp; Fans</b>						
	Ceiling Fan 1200 mm	Each	1350	1400	1500	1476	Each
	1200 mm LED tube light fittings		1000	650	650	475	Each
	LED Bulbs		60	80	90	90	Each
11	Electrical 7.5 HP Motor Pump set 1500 rpm	Each	4600	3250	3900	3600	per HP
12	<b>Wires &amp; Cables</b>						
	1.5 Sq mm wire	100M	925	1000	1400	1560	100 RM
	4.0 Sq mm wire		2200	2300	3200	3500	100 RM
13	Labour						
	Unskilled	Each	700	700	800	950	Each
	Skilled	Each	600	550	700	750	Each

Trichy Cost Index based on CPWD PAR 2019 Base 100											
LOCATION		TRICHY				New Date 01.08.2019				Materials Rates @ Trichy	
No.	Description	Unit	% age	Rate as on @ Delhi 1.04.2019	Weightage rates as on @ Delhi 01.04.2019	Local Rate on New Date	Weightage rates @ Trichy New Date	Weightage Component	New Date Cost Index @ Trichy (6) = 4X5/2	Rate as on 01.08.2019	Qty per
				1	2	3	4	5	6 = 5 x 4 / 2		
1	Bricks (Fly Ash)	1000	100%	4400	4400	6000	6000	8.00	10.91	30000	5000
2	Cement (OPC)	Qtl	100%	600	600	700	700	14.50	16.92	350	50 kg
3	TMT Steel										
	50% 8-10mm	Qtl	50%	4300	4300	2475	4925	19.50	22.33	4950	100 kg
	50% 12- 16mm		50%	4300		2450				4900	100 kg
4	Aggregate 20 MM natural source	Cum	75%	1400	1313	881	1139	6.50	5.64	1175	Cum
	Aggregate 20 MM (RCA)		25%	1050		258				1030	Cum
5	Sand coarse natural source	Cum	75%	1400	1225	1457	1899	3.00	4.65	1943	Cum
	Sand-coarse (RCA)		25%	700		442				1766	Cum
6	Flooring Items										
	Vitrified tiles	Sqm	50%	660	770	375	785	5.00	5.10	750	SQM
	Ceramic tiles		20%	260		70				350	SQM
	Kota stone		10%	280		40				400	SQM
	Granite stone		20%	1800		300				1500	SQM
7	Paints										
	Syn Enamel Paint	Lt	33.33%	160	143	53	159	3.00	3.34	160	Lt
	Dry Dislsemper		33.33%	50		23				70	Kg
	Premium acrylic paint		33.33%	220		83				250	Lt
8	Doors / windows - wooden / UPVC /Aluminium / Steel										
	35 mm tk. flush door shutters both side commercial veneering	Sqm	30%	950	1977	270	1908	7.00	6.76	900	Sqm
	Factory made Std. Z-section steel Window		15%	1712		248				1650	Sqm
	UPVC windows		20%	3295		620				3100	Sqm
	Aluminium Windows		35%	2218		770				2200	Sqm
9	Pipes										
	15mm GI Pipe	M	10%	85	293	9	281	2.50	2.40	90	Rm
	100mm GI Pipe	M	40%	631		240				600	Rm
	20mm Black conduit	M	20%	43		8				40	Rm
	20mm CPVC pipes	M	30%	78		24				80	Rm
10	Lamps & Fans										
	Ceiling Fan 1200 mm	Each	50%	1500	1318	675	1081	4.50	3.69	1350	Each
	1200 mm LED tubelight fittings	Each	40%	1400		400				1000	Each
	LED Bulbs	Each	10%	80		6				60	Each
11	Electrical 7.5 HP Motor Pump set 1500 rpm	Each	100%	27500	27500	34500	34500	2.50	3.14	4600	HP
12	Wires & Cables										
	1.5 Sq mm wire	100M	70%	900	1290	648	1308	4.00	4.05	925	100 RM
	4.0 Sq mm wire	100M	30%	2200		660				2200	100 RM
13	Labour										
	Unskilled	Each	50%	710	647	350	650	20	20.09	700	Each
	Skilled	Each	50%	584		300				600	Each
								100.00	109.02		

Cost Index based on CPWD PAR 2020 Base 100 based on market rate @ Trichy											
LOCATION		TRICHY				New Date		01.08.2020		Materials Rates @ Trichy	
No.	Description	Unit	% age	Rate as on @ Delhi 1.04.2020	Weightage rates as on @ Delhi 01.04.2020	Local Rate on New Date	Weightage rates @ Trichy New Date	Weightage Component	New Date Cost Index @ Trichy	Rate as on 01.08.2020	Qty per
				1	2	3	4	5	6 = 5x 4/ 2		
1	Bricks (Fly Ash)	1000	100%	4300	4300	5500	5500	8.00	10.23	27500	5000
2	Cement (OPC)	Qil	100%	484	484	640	640	14.50	19.17	320	50 kg
TMT Steel											
3	50% 8-10mm	Qil	50%	4250	4250	2175	4325	19.50	19.84	4350	100 kg
	50% 12-16mm		50%	4250		2150				4300	100 kg
4	Aggregate 20 MM natural source	Cum	75%	1380	1310	848	1113	6.50	5.52	1130	Cum
	Aggregate 20 MM (RCA)		25%	1100		265				1060	Cum
5	Sand-coarse natural source	Cum	75%	1400	1193	1192	1545	3.00	3.89	1589	Cum
	Sand-coarse (RCA)		25%	570		353				1413	Cum
Flooring Items											
6	Vitrified tiles	Sqm	50%	515	708	350	755	5.00	5.34	700	SQM
	Ceramic tiles		20%	290		70				350	SQM
	Kota stone		10%	320		35				350	SQM
	Granite stone		20%	1800		300				1500	SQM
Paints											
7	Syn Enamel Paint	Lt	33.33%	170	137	57	147	3.00	3.22	170	Lt
	Dry Distemper		33.33%	40		17				50	Kg
	Premium acrylic paint		33.33%	200		73				220	Lt
Doors / windows - wooden / UPVC /Aluminium / Steel											
8	35 mm tk. flush door shutters both side commercial veneering	Sqm	30%	1000	2058	285	1965	7.00	6.68	950	Sqm
	Factory made Std. Z-section steel Window		15%	1750		255				1700	Sqm
	UPVC windows		20%	3450		620				3100	Sqm
	Aluminium Windows		35%	2300		805				2300	Sqm
Pipes											
9	15mm GI Pipe	M	10%	90	313	9	303	2.50	2.42	85	Rm
	100mm CI Pipe	M	40%	665		260				650	Rm
	20mm Black conduit	M	20%	68		10				50	Rm
	20mm CPVC pipes	M	30%	80		24				80	Rm
Lamps & Fans											
10	Ceiling Fan 1200 mm	Each	50%	1550	1034	700	968	4.50	4.21	1400	Each
	1200 mm LED tubelight fittings		40%	625		260				650	Each
	LED Bulbs		10%	85		8				80	Each
11	Electrical 7.5 HP Motor Pump set 1500 rpm		100%	22500	22500	24375	24375	2.50	2.71	3250	HP
Wires & Cables											
12	1.5 Sq mm wire	100M	70%	1300	1843	700	1390	4.00	3.02	1000	100 RM
	4.0 Sq mm wire		30%	3110		690				2300	100 RM
Labour											
13	Unskilled	Each	50%	764	697	350	625	20.00	17.95	700	Each
	Skilled		50%	629		275				550	Each
								100.00	104.20		

Cost Index based on CPWD PAR 2023 Base 100-based on market rate @ Trichy									
LOCATION		TRICHY				New Date	01.04.2023		
No	Description	Unit	% age	Rate as on @ Delhi 1.04.23	Weight age rates as on @ Delhi 01.04.23	Local Rate on New Date	Weight age rates @ Trichy New Date	Weight age Component	New Date Cost Index @ Trichy
				1	2	3	4	5	6 =4 x 5/2
1	Bricks (Fly Ash)	1000	100%	4750	4750		0	8.00	
2	Cement (OPC)	Qtl	100%	515	515		0	14.50	
3	TMT Steel								
	50% 8-10mm	Qtl	50%	5550	5550		0	19.50	
	50% 12-16mm		50%	5550					
4	Aggregate 20 MM natural source	Cum	75%	1425	1308		0	6.50	
	Aggregate 20 MM (RCA)		25%	957					
5	Sand-coarse natural source	Cum	75%	1450	1326.75		0.00	3.00	0.00
	Sand-coarse (RCA)		25%	957					
6	Flooring Items								
	Vitrified tiles	Sqm	50%	550	727.00		0.00	5.00	0.00
	Ceramic tiles		20%	300					
	Kota stone		10%	320					
	Granite stone		20%	1800					

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		0.00	7.00	0.00
	Factory made Std. Z-section steel Window		15%	1750					
	UPVC windows		20%	3500					
	Aluminium Windows		35%	2350					
9	Pipes								
	15mm GI Pipe	M	10%	95	310		0.00	2.50	0.00
	100mm CI Pipe	M	40%	650					
	20mm Black conduit	M	20%	80					
	20mm CPVC pipes	M	30%	80					

[illegible]



Cost Index based on CPWD PAR 2023 Base 100-based on market rate @ Trichy											
LOCATION		TRICHY				New Date 01.08.2023				Materials Rates @ Trichy	
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	Rate as on 01.08.2023	Qty per
				1	2	3	4	5	6 = 4 x 5/2		
1	Bricks (Fly Ash)	1000	100%	4750	4750	6500	6500	8.00	10.95	32500	5000
2	Cement (OPC)	Qil	100%	515	515	700	700	14.50	19.71	350	50 kg
3	TMT Steel										
	50% 8-10mm	Qil	50%	5550	5550	2950	5850	19.50	20.55	5900	100 kg
	50% 12-16mm		50%	5550		2900				5800	100 kg
4	Aggregate 20 MM natural source	Cum	75%	1425	1308	766	998	6.50	4.96	1021	Cum
	Aggregate 20 MM (RCA)		25%	957		232				928	Cum
5	Sand-coarse natural source	Cum	75%	1450	1326.75	1193.00	1508.00	3.00	3.41	1590	Cum
	Sand-coarse (RCA)		25%	957		315.00				1261	Cum
6	Flooring Items										
	Vitrified tiles	Sqm	50%	550	727.00	550.00	1015.00	5.00	6.98	550	SQM
	Ceramic tiles		20%	300		70.00				350	SQM
	Kota stone		10%	320		35.00				350	SQM
	Granite stone		20%	1800		360.00				1800	SQM
7	Paints										
	Syn Enamel Paint	Lt	33.33%	178	132.00	70.00	172.00	3.00	3.91	210	Lt
	Dry Distemper		33.33%	38		22.00				65	Kg
	Premium acrylic paint		33.33%	180		80.00				240	Lt
8	Doors / windows - wooden / UPVC / Aluminium / Steel										
	35 mm Ik. flush door shutters both side commercial veneering	Sqm	30%	1050	2100	360.00	2223.00	7.00	7.41	1200	Sqm
	Factory made Std. Z-section steel Window		15%	1750		263.00				1750	Sqm
	UPVC windows		20%	3500		760.00				3800	Sqm
	Aluminium Windows		35%	2350		840.00				2400	Sqm
9	Pipes										
	15mm GI Pipe	M	10%	95	310	11	335.00	2.50	2.70	110	Rm
	100mm CI Pipe	M	40%	650		280				700	Rm
	20mm Black conduit	M	20%	80		18				90	Rm
	20mm CPVC pipes	M	30%	80		26				85	Rm
10	Lamps & Fans										
	Ceiling Fan 1200 mm	Each	50%	1584	987	738	937.00	4.50	4.27	1476	Each
	1200 mm LED tubelight fittings	Each	40%	467		190				475	Each
	LED Bulbs	Each	10%	86		9				90	Each
11	Electrical 7.5 HP Motor Pump set 1500 rpm	Each	100%	26631	26631	27000	27000.00	2.50	2.53	3600	HP
12	Wires & Cables										
	1.5 Sq mm wire	100M	70%	1600	2230	1092	2142.00	4.00	3.84	1560	100 FM
	4.0 Sq mm wire	100M	30%	3700		1050				3500	100 FM
13	Labour										
	Unskilled	Each	50%	897	817	475	850.00	20.00	20.82	950	Each
	Skilled	Each	50%	736		375				750	Each
								100.00	112.04		

### Weighted average cost index – Approximate Model 1

#### Question 1

The assessee is filing the income tax return for the first time. He has constructed a building. The period of construction declared by the assessee is from FY 2017-18 to FY 2019-20.

During FY 2017-18, FY 2018-19, and FY 2019-20, the year-wise expenditure, of the assessee could not be identified individually, but the total cost of expenditure shown by the assessee is Rs 1.50 crores.

Assume your own assessment, if the commence date is 1st May 2017 and completion date is 31st March 2020. (FY 2017-18, FY 2018-19 & FY 2019-20)

Total expenditure for 3 years span			1,50,00,000
Commencement month / year			01.05.2017
Completion month / year			31.03.2017
Period of construction			34 months
First-year	FY 2017-18	25% of Rs 1,50,00,000	3750000
Second year	FY 2018-19	40% of Rs 1,50,00,001	6000000
Third year	FY2019-20	35% of Rs 1,50,00,002	5250000

#### Question 2

Commencement month / year		01.09. 2017
Completion month / year		31.01.2017
FY 17-18 = 7 months FY 18-19 = 12 months FY 19-20 = 10 months, Total 29 months		
Total expenditure for 3 FY years span		1,50,00,000
Period of construction		29 months
Average expenditure per month		5,17,241

Expenditure for FYs	Months	Amount	Rounded-off
Expenditure for FY 17-18	7 months	36,20,690	36,21,000
Expenditure for FY 18-19	12 months	62,06,897	62,07,000
Expenditure for FY 19-20	10 months	51,72,414	51,72,000
Total expenditure for 3 FY years span		1,50,00,000	1,50,00,000

### Weighted average cost index –Model 2

A Non-residential building has been constructed in April 2019 and completed in March 2022. The total investment made by the Assessee is Rs 1,50,00,000. He has filed the income tax returns on year-wise expenditure as reported.

FY 2019-20	45,00,000
FY 2021-21	48,00,000
FY 2021-22	57,00,000
Total	1,50,00,000

FY 2019-20	April 2019-March 2020			Rs 45,00,000
FY 2021-21	April 2020-March 2021			Rs 48,00,000
FY 2021-22	April 2021-March 2022			Rs 57,00,000
Year of construction	Actual expenditure year-wise	Percentage based on total expenditure	Cost Index as on the year	Average Weighted Cost Index
FY 2019-20	45,00,000	0.30	109.02	32.71
FY 2021-21	48,00,000	0.32	104.20	33.34
FY 2021-22	57,00,000	0.38	116.22	44.16
	1,50,00,000			110.21

### Weighted average cost index - Model 3

$$\frac{E_1}{CI_1} + \frac{E_2}{CI_2} + \dots = \frac{EP}{CIP}$$

CI 1    CI 2    CIP

This formula can be applied in another fashion also by reducing all the year-wise expenditure to the base of 100. Then totaling such expenditure and then dividing the expenditure declared by the assessee by such total expenditure based on 100 will give the CI of the project.

Period of construction		Expenditure incurred by the assessee in INR (Base Year 2012)		
FY 2015-16		1,20,00,000		
FY 2016-17		1,17,00,000		
FY 2017-18		1,32,50,000		
Total expenditure		3,69,50,000		
Construction Period	Expenditure as shown in INR	CI - period on the base year 2012	Amount reduced to base year (2012) in INR	% age progress of the work
(a)	(b)	(c)	(d = b/c)	(E = d x100/ TE1)
FY 2015-16	1,20,00,000	117.45	1,02,171	34.804
FY 2016-17	1,17,00,000	125.63	93,131	31.725
FY 2017-18	1,32,50,000	134.85	98,257	33.471
	3,69,50,000 Total Expense (TE)		2,93,559 Reduced to the base year (TE1 )	100.00
Weighted average cost index for each year = TE / TE1=				
3,69,50,000 / 2,93,559 = 125.87				

### **Weighted average cost index - Model 4 – Approximate**

In case, the year-wise expenditure is not reliable and only starting date and completion date can be ascertained by evidence, then the CI of the project should be taken at a specified date at 5/8 of the period.

When there is no evidence for expenditure or starting and completion date is available, then the status as on the date of Inspection should be taken with a correct judgment to the period of construction for the quantum of work needed per the CPWD manual and then working out cost index of the project at specified date correspondingly to 5/8 of the period.

Note: These models are utilized, when the construction period extends for more than a year. The models are an important tool when the investment is found to be an unexplained investment under sections 68 & 69.

**Illustration:** The assessee is filing the income tax return for the first time. He has constructed a building. The period of construction declared by the assessee is April 2015 to March 2018. The commencement date and the completion date are not known, but the total cost of expenditure shown by the assessee is Rs 1.50 crores.

Construction year	Cost index
April 2015-March 2016	105.45
April 2016-March 2017	113.23
April 2017-March 2018	122.28
The total period of investment	36 months
5/8 period as per CPWD manual	22.50 <sup>th</sup> month
Specified date correspondingly to 5/8 of the period	15 <sup>th</sup> January 2017
Hence, the date of working of the cost index is 15 <sup>th</sup> January 2017 on which the plinth area rates are to be adopted for the cost of construction	
The cost index is functional on 15 <sup>th</sup> January 2017	111.18

### **Construction period spread over on CPWD PAR Notifications**

In this case, if the construction period is spread over two or more financial years, with different CPWD PAR notifications, the registered valuer can adopt one CPWD PAR as the base year and the cost index can be interpolated for the subsequent years for the base year.

For example, when the construction period is three years from 2019 to 2021, three different CPWD PARs are notified (ie) CPWD PAR 2019, CPWD PAR 2020, and CPWD PAR 2021.

The valuer has to interpolate these plinth area rates and average them for determining the cost of construction.

**Illustration:** A Non-residential building has been constructed in April 2019 and completed in March 2022.

The total investment made by the Assessee is Rs 1,50,00,000.

He has filed the income tax returns on year-wise expenditure as reported

Cost index as on 2019 – adopting CPWD PAR 2019 Notification 109.02

Cost index as on 2020 – adopting CPWD PAR 2020 Notification 104.20

Cost index as on 2021 – adopting CPWD PAR 2021 Notification 116.22

Cost index as on 2022 – adopting CPWD PAR 2021 Notification 124.25

But these indices will vary if the building is constructed in all the four years

### **Weighted Average Cost Index based on Investment Pattern**

No	Year	Amount	CI	Investment % age	weighted Avg.CI
1	2019-20	45,00,000	109.02	0.220	23.98
2	2020-21	65,00,000	104.20	0.318	33.14
3	2021-22	70,00,000	116.22	0.342	39.75
4	2022-23	24,50,000	124.25	0.120	14.91
5	Total	2,04,50,000		1.000	111.78

<b>Weighted average cost calculation</b>								
CPWD PAR /invest year	Invested Amount	Average CII for Trichy during the year	Invested %age pattern	Weighted average cost Index	Adjusted basic GF for CPWD PAR	Adjusted basic FF for CPWD PAR	Revised PAR For GF based on Invested pattern	Revised PAR for FF based on Invested pattern
PAR 2019 - FY 2019-20	45,00,000	109.02	0.220	23.98	17318	16935	4152.86	4061.01
PAR 2020 - FY 2020-21	65,00,000	104.20	0.318	33.14	17466	17033	5788.23	5644.74
PAR 2021 - FY 2021-22	70,00,000	116.22	0.342	39.75	18087	17887	7189.58	7110.08
PAR 2021 - FY 2021-22	24,50,000	124.25	0.120	14.91	20581	20351	3068.63	3034.33
	2,04,50,000		1.000	111.78			20199.3	19850.16

## **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

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



**Inspection report of the registered valuer as recorded on the site**

Description	As per CPWD PAR 1992, specific for each of quarters type	Observed during a site inspection for the constructed building
Types of structure	Non-residential / Residential	
Structure	Load-bearing structure / RCC Framed structure	
Specification	Residential / Non-residential	
No. of floors		
Roof height	2.90 m	
Plinth height	0.60 m	
Foundation depth	1.20 m	
Plinth area of the ground floor		
Plinth area of the first floor		
Plinth area of the second floor		
Plinth area of the third floor		
Flooring Main area	Refer type of quarters Mosaic 50% & Kota 50% / marble chips/cement concrete floor	
Flooring toilets/ service	WC / bath dado – 90cm/ 150 cm	

Joineries Frames	I class country wood / MS-T frames / pressed MS frames	
Shutters	II class country wood / 35 mm panelled shutters	
Fittings	Iron oxidised / aluminum	
Painting	Inner Distemper partly – white wash / Waterproof exterior paint	
Cupboards & wardrobes	Open shelf and one shuttered cupboard in each room-1.10 m wide	
Kitchen platform	Brickwork RCC platform / White glazed tile	
Kitchen sink	FRP sink	
<b>Services</b>		
Water supply	IWC 1, WB -1, 3 taps, tower rail, mirror, glass shelf, soap rack	
Sanitary		
Electrical	3 Power points, 3 fans, 23 max. Electrical points, 4 plug points max.	
<b>Extra Items Not Covered under PAR</b>		
Compound Wall	-	
Pavement	-	
Bore well	-	

Pump & motor	-	
Overhead tank	-	
Underground sump	-	
Geysers	Notes: - Anything permanent that is fixed to the buildings can be added to the report. <b>Confirm this being recorded in the sale deed or else omit</b>	
Elevation provisions		
Others		

### 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](http://www.jayaramanr.com). )**

### Case Study 1 - Improvement made before 01.04.2001

#### 10.8.1. 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

Building classified as CPWD – Residential Type V quarters		
Location- <b>TRICHY</b>	CPWD CI on 01.04.2001 _____	
Building construction date	<b>Year 1985 - Before 01.04.2001</b>	
Number of floors	Ground / First / Second / _____	
Ground floor Plinth area /sqm	_____	
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.		
Type of residential quarters selected	Type V	Type V
Building classification	Load bearing structure	RCC Framed structure
Basic cost PH 0.60 m / FH 2.90 m per sqm for single floor	2,375	2810

Basic cost / FH 2.90 m per sqm for other floors		
Roof height is —— m instead of 2.90 m for the ground floor		
Roof height is —— m instead of 2.90 m for other floors (each floor to be calculated separately)		
Plinth height is 0.90m instead of 0.60 m		
Foundation depth -1.50 m instead of 1.20 m		
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.)		
I Class —— Wood joineries instead of steel joineries as per std. specifications (refer to notes SOR 2002 – 9.1.)		
—— painting instead of colour washing (refer to notes – SOR 2002 – 9.113.79A.1)		
Closed cupboards & wardrobes (refer to notes- SOR 2002 – 9.23.1.3)		
<b>Add Services</b>		
Water supply & Sanitary installations		
External services connections		
Internal Electrical installations		
Service connection charges & electrification (lump sum or actual )		
<b>Cost index at <u>TRICHY</u> as on 01.04.2001</b>	<b>200</b>	<b>200</b>

Indexed Building Cost per sqm		
Depreciation for — years		
Cost of construction per sqm		
<b>Building cost of construction</b>		
<b>Extra items not covered under PAR</b>		
— Rm of Load bearing Compound Wall — m height —@ 400 per RM		
— sqm of cement Pavement @ — per sqm		
Bore well 200 ft depth with 1 HP Submergible with accessories (actual)		
Brickwork Over Head Tank 1000 litres @ Rs 4.75 x CI per litre		
Underground sump 2000 litres @ Rs 4.75 x CI per litre		
<b>Estimated construction cost</b>		
Addition – Drawing preparation & Technical consultancy required during the execution		
<b>Probable cost of construction</b>		

## 2. Building constructed after 01.04.2001 and sold after 01.04.2017

If the construction period is on or after 2007, CPWD PAR 2007, 2012, 2019, 2020, and 2021 notifications are to be adopted. Depending on the period of construction, the appropriate notification must be adopted. **Depreciation is not to be considered.**

## **Case Study 2 - Improvement made after 01.04.2001**

### **10.9.1. Inspection details**

Location	<b><u>Trichy</u></b>
Construction year (sale deed / Google Pro/plan)	2003-04
<b><u>Building Technical Specification Data collection</u></b>	
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	II 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

Building classified as CPWD – Residential Type V quarters	
Location- <b>TRICHY</b>	CPWD CI on 2003-04 _____
Building construction date	<b>Year 2003-2004 After 01.04.2001</b>
Number of floors	
Ground floor Plinth area /sqm	
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.		
Type of residential quarters selected	Type V	Type V
Building classification	Load bearing structure	RCC Framed structure
Basic cost PH 0.60 m / FH 2.90 m per sqm for single floor	2,375	2810
Basic cost / FH 2.90 m per sqm for other floors		
Roof height is _____ m instead of 2.90 m for the ground floor		
Roof height is _____ m instead of 2.90 m for other floors (each floor to be calculated separately)		
Plinth height is 0.90m instead of 0.60 m		
Foundation depth -1.50 m instead of 1.20 m		
Full area _____tile floor instead of 50% of the mosaic floor as per std. specifications (refer to notes)		
I Class _____ Wood joineries instead of steel joineries as per std. specifications		
_____ painting instead of colour washing		
Closed cupboards & wardrobes		
<b>Add Services</b>		
Water supply & Sanitary installations		
External services connections		
Internal Electrical installations		



Service connection charges & electrification (lump sum or actual )		
<b>Cost index at <u>TRICHY</u> as on 2003-04</b>		
Indexed Building Cost per sqm		
Depreciation for — years	<b>Nil</b> <b>(Year 2003-2004</b> <b>After 01.04.2001)</b>	<b>Nil</b> <b>(Year 2003-2004</b> <b>After 01.04.2001)</b>
Cost of construction per sqm		
<b>Building cost of construction</b>		
<b>Extra items not covered under PAR</b>		
— Rm of Load bearing Compound Wall — m height —@ 450 per RM		
— sqm of cement Pavement @ 25 per sqm		
Bore well 200 ft depth with 1 HP Submersible with accessories (actual)		
Brickwork Over Head Tank 1000 litres @ Rs 8 per litre		
Underground sump 2000 litres @ Rs 8 per litre		
<b>Estimated construction cost</b>		
Addition – Drawing preparation & Technical consultancy required during the execution		
<b>Probable cost of construction</b>		

## Depreciation methods

It may be noted that both the straight-line method and constant percentage method can be adopted for capital gain valuation purposes, for building constructed before 01.04.2001 and sold after 01.04.2017, depreciation is to be adopted. For the building constructed after 01.04.2001 depreciation is not to be considered.

Depreciation towards the age of the building as of 01.04.2001 is to be adopted for depreciation. It is assumed that the total life of the building is 60 years for residential purposes.

In the case of industrial structures, the formula for the constant percentage method: will change according to the assumption of the total life of the buildings.

The building is assumed with a total life of 60 years		
Method	straight-line method	Constant percentage Method
Formula	Age x $\frac{(100 - \text{salvage})}{\text{Life}}$ Salvage assumed @ 10%	$A = P (1 - r / 100)^n$ ( $r = 100/60 = 1.666$ ) $n = \text{age of the building}$
Age	straight-line method	Constant percentage Method
1	1.500%	1.660%
2	3.000%	3.292%
3	4.500%	4.898%
4	6.000%	6.476%
5	7.500%	8.029%
6	9.000%	9.556%
7	10.500%	11.057%
8	12.000%	12.534%
9	13.500%	13.985%

10	15.000%	15.413%
11	16.500%	16.817%
12	18.000%	18.198%
<b>13</b>	<b>19.500%</b>	<b>19.556%</b>
14	21.000%	20.892%
15	22.500%	22.205%
16	24.000%	23.496%
17	25.500%	24.766%
18	27.000%	26.015%
19	28.500%	27.243%
20	30.000%	28.451%
21	31.500%	29.639%
22	33.000%	30.807%
23	34.500%	31.955%
24	36.000%	33.085%
25	37.500%	34.196%
26	39.000%	35.288%
27	40.500%	36.362%
28	42.000%	37.419%
29	43.500%	38.457%
30	45.000%	39.479%
31	46.500%	40.484%
32	48.000%	41.472%
33	49.500%	42.443%
34	51.000%	43.399%
35	52.500%	44.338%

36	54.000%	45.262%
37	55.500%	46.171%
38	57.000%	47.064%
39	58.500%	47.943%
40	60.000%	48.807%
41	61.500%	49.657%
42	63.000%	50.493%
43	64.500%	51.315%
44	66.000%	52.123%
45	67.500%	52.918%
46	69.000%	53.699%
47	70.500%	54.468%
48	72.000%	55.224%
49	73.500%	55.967%
50	75.000%	56.698%
51	76.500%	57.417%
52	78.000%	58.123%
53	79.500%	58.819%
54	81.000%	59.502%
55	82.500%	60.175%
56	84.000%	60.836%
57	85.500%	61.486%
58	87.000%	62.125%
59	88.500%	62.754%
60	90.000%	63.372%

**34AB. Registration of valuers. — Subsection (4)**

The report of valuation of any asset by a registered valuer shall be in the prescribed form and be verified in the prescribed manner.

**8D. Form of report of valuation by registered valuer.**

The report of valuation by a registered valuer in respect of any asset specified in column (1) of the Table below shall be in the Form specified in the corresponding entry in column (2) thereof and shall be verified in the manner indicated in such Form :—

Immovable property (other than agricultural lands, plantations, forests, mines and quarries)	Form O-1
Agricultural lands (other than coffee, tea, rubber and cardamom plantations)	Form O-2
Coffee, tea, rubber or cardamom plantations	Form O-3
Forests	Form O-4
Mines and quarries	Form O-5
Stocks, shares, debentures, securities, shares in partnership firms and business assets including goodwill but excluding those referred to in any other item	Form O-6
Machinery and plant	Form O-7
Jewellery	Form O-8
Works of art	Form O-9
Life interest, reversions and interest in expectancy	Form O-10

## VALUATION REPORT FORMAT

### Heading for Capital gain valuation

Fair Market Value as on 01.04.2001 for computing Capital Gains arising out  
on transfer of Warehouse Property \_\_\_\_\_

### Heading for Cost of Construction valuation

Elucidation Report on Cost of Construction of the \_\_\_\_\_  
Property at \_\_\_\_\_ for the during  
the period of investment made \_\_\_\_\_

### FORM O-1 - [See rule 8D]

Report of valuation of immovable property (other than agricultural lands,  
plantations, forests,) mines and quarries

### Part I – Questionnaire

All question to be answered by the registered valuer. If any particular question  
does not apply to the property under valuation, he may indicate so. If the space  
attached on separate sheets

**Owner / Assessee: Mr \_\_\_\_\_**

Ref: \_\_\_\_\_

Date \_\_\_\_\_

Name of the Registered Valuer

\_\_\_\_\_

Registration No

C.I. / \_\_\_\_\_ / \_\_\_\_\_

<b><u>GENERAL</u></b>		
1	Purpose for which valuation is made	
2	Date as on which the valuation is made	
3	Name of the owner	
4	If the property is under joint ownership / co-ownership share of each such owner. Are the shares undivided?	
5	Brief Description of the property	
6	Location, Street, Ward No.	
7	Survey/ Plot No. of land	
8	Is the property situated in residential / commercial / mixed area / industrial area?	
9	Classification of locality - high class / middle class / poor class	
10	Proximity to civic amenities, like schools, hospitals, offices, markets, cinemas etc.,	
11	Means & proximity to surface of communication by which the locality is served	
<b><u>Land</u></b>		
12	Area of land supported by documentary proof, shape dimensions and physical features	
13	Roads, streets or lanes on which the land is abutting	
14	Is it freehold or leasehold land?	

15	If leasehold, the name of lessor / lessee, nature, commencement date and termination of lease and terms of renewal of lease	
	A. Initial premium	
	B. Ground rent payable for annum	
	C. Unearned increase payable to the lessor in the event of sale or transfer	
16	Is there any restrictive covenant in regard to the use of land? If so, attach a copy of the covenant	
17	Are there any agreements of easements? If so, attach copies.	
18	Does the land fall in an area included in any town planning scheme or any development plan of Govt. or any statutory body? If so, give particulars.	
19	Has any contribution been made towards development or is any demand for such contribution still outstanding?	
20	Has the whole or part of the land been notified for acquisition by Government or any statutory body? Give date of the notification.	
21	Attach a dimensional plan	
<b><u>Improvements</u></b>		
22	Attach plans & elevations of all structures standing on the land and a layout plan	



23	Furnish technical details of the building on a separate sheet	
24	a. Is the building owner-occupied / tenanted / both?	
	b. If partly occupied, specify portion and extent of area under owner occupation	
25	What the Floor Space Index permissible and %age actually utilised	
<b><u>Rents</u></b>		
26	a. Name of the tenants / lessees / licensees ,etc.	
	b. Portions since their occupation	
	c. Monthly or annual rent / compensation / licence fee etc., paid by each	
	d. Gross amount received for the whole property	
27	Are any of the occupants related to, or close business associates of the owner?	
28	Is separate amount being recovered for the use of fixtures like fans, geysers, refrigerators, cooking ranges, built in wardrobes, etc., for service charges? If so, give details	
29	Give details of water and electricity charges, if any to be borne by the owner	
30	Has the tenant to bear the whole or part of the cost of maintenance? Give particulars.	

31	If a lift is installed ,who has to bear the cost of maintenance and operation -owner or tenant	
32	If a pump is installed ,who has to bear the cost of maintenance and operation -owner or tenant	
33	Who has to bear the cost of electricity charges for lighting of common space like entrance hall, stairs passages, compound etc.,-owner or tenant?	
34	What is the amount of property tax? Who is to bear it? Give details with the documentary proof	
35	Is the building insured? If so, give the policy No. amount for which it is insured & the annual premium	
36	Is any dispute between the landlord and tenant regarding rent pending in a court of law?	
37	Has any standard rent fixed for the premises under any law relating to the control of rent?	
<b><u>Sales</u></b>		
38	Give instances of sale of immovable property in the locality on a separate sheet indicating the name and address of the property, Registration No., sale price and area of the land sold	
39	Land rate adopted in this valuation	

40	If sale instances are not available or not relied upon the basis of arriving at that land rate	
<b><u>Cost of construction</u></b>		
41	Year of commencement of construction and the year of completion	
42	What was the method of construction-by contract or by employing labour directly / both?	
43	For items of work done by engaging labour directly, give basic rates of materials and labour supported by documentary proof	
<b>Part - II Annexure to Form O-I</b>		
1	No. of floors and height of each floor	
2	Plinth area floor-wise -in square feet	
3	Year of construction	
4	Estimated future life	
5	Type of construction	
6	Type of foundation	
7	Walls & Partitions	
8	Doors and windows (floor- wise)	
9	Flooring ( floor-wise )	
10	Finishing (floor-wise)	
11	Roofing and terracing	
12	Special architectural or decorative features	

13	a. Internal wiring-surface or conduit b. Class of fittings:	
14	Sanitary Installations	
I	a. No. of water closets	
	b. No. of wash basins	
	c. No. of geysers	
II	Class of fitting:	
15	compound wall - Height, length & Type	
16	No. of lifts and capacity	
17	U G sump-capacity & construction type	
18	Overhead tank                      a. Location	
	b. capacity	
	c. Type of construction	
19	Pumps -No. and their HP	
20	Roads and paving within the compound	
21	Sewage disposal- whether connected to public sewers. If septic tanks provided , No. and capacity	

## SPECIFICATIONS - LAND

1	Property Details	Direction	Boundaries	As per site
		East by		
		West by		
		North by		
		South by		
2	Total extent of the property in square feet			

## **Part II – Valuation**

Here the registered valuer should discuss in details his approach to valuation of the property and indicate how the value has the value has been arrived at, supported by necessary calculation.

1. Title History
2. Building Specification
3. Adoption of land rate
4. Adoption of Plinth area rates
5. Valuation
6. Certificate

## **Part III – Declaration**

I hereby declare that ——

(a) The information furnished in part I is true and correct to the best of my knowledge and belief:

(b) I have no direct or indirect interest in the property valued;

(c) I have personally inspected the property on ——

Date: ——

Place. ——i

Sd———

Registered Valuer (C-I /)

### Item wise Rate for Delhi for the year 2002 (Refer DSR 2002)

Compiled by Mr S Rajkumar, Trichy

Code No	Description	Rate in Rs	unit	per
2.8	<b>Earth work in excavation</b> in foundation trenches or drains (not exceeding 1.5 m in width or 10 sqm on plan) including dressing of sides and ramming of bottoms, lift upto 1.5 m, including getting out the excavated soil and disposal of surplus excavated soil			
2.8.1	All kinds of soil.	93.55	1	cum
2.26	<b>Filling available excavated earth</b> (excluding rock) in trenches, plinth, sides of foundations etc. in layers not exceeding 20cm in depth: consolidating each deposited layer by ramming and watering, lead up to 50 m and lift upto 1.5 m	30.25	1	cum
2.28	<b>Supplying and filling in plinth with Jamuna sand</b> under floors including, watering, ramming, consolidating and dressing complete	213.30	1	cum
2.32	<b>Clearing jungle</b> including uprooting of rank vegetation, grass, brush wood, trees and saplings of girth upto 30 cm measured at a height of 1 m above ground level and removal of rubbish upto a distance of 50 m outside the periphery of the area cleared. of 50 m outside the periphery of the area cleared.	173.60	100	sqm
	<b>Cement Concrete works</b>			
4.5.3	1:2:4 (1 Cement : 2 coarse sand : 4 graded stone aggregate 20 mm nominal size)	1843.00	1	cum

4.5.8	1:4:8 (1 Cement : 4 coarse sand : 8 graded stone aggregate 40 mm nominal size)	1404.70	1	cum
4.5.10	1:5:10 (1 Cement : 5 coarse sand : 10 graded stone aggregate 40 mm nominal size)	1289.15	1	cum
5.1.3	1:2:4 (1 Cement : 2 coarse sand : 4 graded stone aggregate 20 mm nominal size) for RCC	1912.65	1	cum
5.14	Centring and shuttering including strutting, propping etc. and removal of form for:removal of form for:			
5.14.3	Suspended floors, roofs, landings, balconies and access platform	111.20	1	sqm
5.14.6	Columns, Pillars, Piers, Abutments, Posts and Struts	135.80	1	sqm
5.21	Providing,hoisting and fixing upto floor five level precast reinforced cement concrete in mouldings as in cornices, windows sills etc. including the cost of required centring, shuttering and finishing smooth with 6mm thick cement plaster 1:3 (1 cement :3 fine sand) on exposed surfaces complete but excluding cost of reinforcement with 1:2:4(1cement :2coarse sand :4graded stone aggregate 20mm nominal size)	3915.25	1	cum
5.25	Providing, <b>precast cement concrete Jali</b> 1:2:4 (1 Cement : 2 coarse sand : 4 stone aggregate 6mm nominal size) reinforced with 1.6 mm dia mild steel wire including centring and shuttering, roughening cleaning, fixing and finishing in cement mortar 1:3 (1 cement : 3 fine sand) etc.complete excluding plastering of the jambs,sills and soffits.			

5.25.1	50 mm thick	253.60	100	sqm
5.25.2	40 mm thick	213.95	100	sqm
5.29	<b>Reinforcement for R.C.C. work</b> including straightening, cutting, bending, placing in position and binding all complete.			
5.29.1	Mild steel and Medium Tensile steel bars	21.45	1	kilogram
5.29.7	Thermo-Mechanically Treated bars.	21.85	1	kilogram
6.1	<b>Brick work</b> with F.P.S. bricks of class designation 75 in foundation and plinth in :			
6.1.14	Cement mortar 1:6 (1 cement : 6 coarse sand)	1384.50	1	cum
6.3	Extra for brick work in superstructure above plinth level upto floor V level	206.40	1	cum
6.4	Extra for brick work in superstructure above floor V level for each four floors or part thereof.	155.00	1	cum
6.18	Half brick masonry with bricks of class designation 75 in foundations and plinth in :			
6.18.4	Cement mortar 1:4 (1 Cement : 4 coarse sand)	174.85	1	sqm
6.19	Extra for half Brick masonry in superstructure above plinth level upto floor V level	22.00	1	sqm
6.20	Extra for half brick masonry in superstructure, above floor V level for every four floors or part thereof	17.90	1	sqm
7.1	<b>Random rubble masonry with hard stone</b> in foundation and plinth including levelling up with cement concrete 1:6:12 (1 Cement : 6 coarse sand : 12 graded stone aggregate 20mm nominal size) at plinth level with :			
7.1.1	Cement mortar 1:6 (1 Cement : 6 coarse sand)	1259.75	1	cum



7.3	Extra for random rubble masonry with hard stone in superstructure above plinth level and upto floor five level, for every four floors or part thereof.			
7.42.1	<b>Kota stone slabs</b> rough chiseled			
7.42.1.1	25 mm thick	521.90	1	sqm
7.43	Stone tile work for wall lining upto 10m height with special adhesive like araldite or equivalent over 12mm thick bed of cement mortar 1:3 (1 Cement : 3 coarse sand) including pointing in white cement with an admixture of pigment to match the stone shade			
7.43.1	8mm thick (mirror polished and machine cut edge)			
7.43.1.1	Granite black stone	799.55	1	sqm
7.43.1.2	Granite brown stone	799.55	1	sqm
7.43.1.3	Raj Nagar white stone	521.70	1	sqm
7.44	Extra for stone work for wall lining on exterior walls of height more than 10m from ground level for every additional height of 3m or part	26.40	1	sqm
	<b>MARBLE WORK</b>			
8.1	Marble work (table rubbed and polished) for wall lining (veneer work) in cement mortar 1:3 (1 Cement : 3 Coarse Sand) including pointing with white cement mortar 1:2 (1 white cement : 2 marble dust) with an admixture of pigment to match the marble shade: (to be secured to the backing by means of cramps, which shall be paid for separately)			
8.1.1	White Marble - Raj Nagar Plain			
8.1.1.1	18 mm thick			
8.1.1.1.1	0.10 sqm to 0.2 sqm	911.50	1	sqm
8.1.1.1.2	over 0.2 sqm but upto 0.5 sqm	952.50	1	sqm
8.1.1.1.3	Over 0.5 sqm but upto 1.0 sqm	1043.30	1	sqm

8.2	Providing and fixing 18mm thick mirror polished, machine cut for kitchen platforms, vanity counters facias and similar locations of required size of approved shade, colour and texture laid over 20mm thick base cement mortar 1:4 (1 Cement: 4 coarse sand) with joints treated with white cement,mixed with matching pigment, epoxy touch ups, including rubbing, curing etc. complete at all levels.			
8.2.3	<b>Rajnagar plain white marble</b>			
8.2.3.1	Up to 0.10 sqm	667.00	1	sqm
8.2.3.2	0.10 sqm to 0.2 sqm	702.00	1	sqm
8.2.3.3	over 0.2 sqm but upto 0.5 sqm	726.65	1	sqm
8.2.3.4	Over 0.5 sqm but upto 1.0 sqm	808.35	1	sqm
8.2.3.5	Over 1.0 sqm but upto 2.0 sqm	866.65	1	sqm
8.2.6.	<b>Granite Black</b>			
8.2.6.1	Up to 0.10 sqm	1343.70	1	sqm
8.2.6.2	0.10 sqm to 0.2 sqm	1665.60	1	sqm
8.2.6.3	over 0.2 sqm but upto 0.5 sqm	1907.20	1	sqm
8.2.6.4	Over 0.5 sqm but upto 1.0 sqm	2284.05	1	sqm
8.2.6.5	Over 1.0 sqm but upto 2.0 sqm	2597.80	1	sqm
8.3	Extra for providing edge moulding to 18mm thick marble stone counters,Vanities etc. over Item No. 8.2 including machine polishing to edge to give high gloss finish etc. complete as per design approved by Engineer-in-Charge			
8.3.1	Marble work	52.85	1	metre
8.3.2	Granite work	88.90	1	metre
8.6	Mirror polishing on marble work/stone work where ever required to give high gloss finish complete.	58.10	1	sqm

	<b>WOOD WORK</b>			
9.1	Providing wood work in frames of doors, windows, clerestory windows and other frames, wrought framed and fixed in position :			
9.1.3	Second class teak wood	40445.80	cum	cum
9.1.8	Sal wood	24614.20	cum	cum
9.4	Providing and fixing paneled or paneled and glazed shutters for doors, windows and clerestory windows including ISI marked black enameled M.S butt hinges with necessary screws excluding, paneling which will be paid for separately.			
9.4.3	Second class teak wood			
9.4.3.2	30 mm thick shutter	928.65	1	sqm
9.5	Providing and fixing paneling or paneling and glazing in paneled or paneled and glazed shutters for doors, windows and clerestory windows ( Area of opening for panel inserts excluding portion inside grooves or rebates to be measured). Paneling for paneled or paneled and glazed shutters 25 mm to 40 mm thick			
9.5.3	Second class teak wood	834.35	1	sqm
9.6.3	Second class teak wood			
9.6.3.2	30mm thick shutters		1	1182.2
10.12	Providing and fixing ISI marked steel glazed doors, windows and ventilators of standard rolled steel sections, joints mitered and welded with 15x3mm lugs, 10cm long, embedded in cement concrete blocks 15x10x10cm of 1:3:6 (1 cement : 3 coarse sand : 6 graded stone aggregate 20mm nominal size) or with wooden plugs and screws or rawl plugs and screws or with fixing clips or with bolts and nuts as required, including providing and fixing of glass panes with glazing clips and special metal sash putty of approved make complete including applying a priming coat of approved steel primer ; excluding the cost of metal beading and other fitting except necessary hinges or pivots as required.			

10.12.1	Doors	1202.30	1	sqm
10.12.2	Windows fixed	776.90	1	sqm
10.12.3	Windows-side hung	1065.75	1	sqm
	<b>FLOORING</b>			
11.4	<b>Cement concrete flooring</b> 1:2:4 (1 cement: 2 coarse sand: 4 graded stone aggregate) finished with a floating coat of neat cement including cement slurry, but excluding the cost of nosing of steps etc. complete.			
11.4.1	25mm thick with 12.5mm nominal size stone aggregate	86.05	1	sqm
11.4.2	40mm thick with 20mm nominal size stone aggregate	113.70	1	sqm
11.18	Marble chips skirting (upto 30 cm height) rubbed and polished to granolithic finish, top layer 6mm thick with white, black, chocolate, grey, yellow or green marble chips of sizes from smallest to 4 mm nominal size laid in cement marble powder mix 3:1 (3 cement : 1 marble powder) by weight in proportion of 4:7 (4 cement marble powder mix : 7 marble chips) by volume : <b>(Mosaic chips skirting)</b>			
11.18.1	18 mm thick with under layer 12 mm thick cement plaster 1:3 (1 cement : 3 coarse sand)-			
11.18.1.1	Dark shade pigment with ordinary cement.	237.55	1	sqm
11.18.1.2	Light shade pigment with white cement.	268.15		
11.18.1.3	Medium shade pigment with 50% white cement and 50% ordinary cement	252.90	1	sqm
11.29A	Precast terrazzo tiles 22mm thick with graded marble chips of size upto 12mm laid in floors, and landings, jointed with neat cement slurry mixed with pigment to match the shade of the tiles including rubbing and polishing complete with precast tiles on 20mm thick bed of cement mortar 1:4 ( 1 cement :4 coarse sand) <b>(Mosaic Tiles flooring)</b>			

11.29A.1	Light shade using white cement	384.45	1	sqm
11.29A.2	Medium shade using 50% white cement and 50% ordinary cement	343.40	1	sqm
11.29A.3	Dark shade using ordinary cement.	304.75	1	sqm
11.29A.4	Ordinary cement without any pigment	285.05	1	sqm
11.30	Extra if terrazzo tiles are laid in treads of steps not exceeding 30 cm in width.	12.15	1	sqm
11.31	Precast terrazzo tiles 22mm thick with graded marble chips of sizes upto 12 mm in skirting and risers of steps not exceeding 30 cm in height on 12 mm thick cement plaster 1:3 (1 cement : 3 coarse sand) jointed with neat cement slurry mixed with pigment to match the shade of the tiles, including rubbing and polishing complete with tiles of: <b>(Mosaic Tiles Skirting &amp; Stair)</b>			
11.31.1	Light shade using white cement.	468.90	1	sqm
11.31.2	Medium shade using 50% white cement and 50% ordinary cement	419.50	1	sqm
11.31.3	Dark shade using ordinary cement.	372.60	1	sqm
11.31.4	Ordinary cement without any pigment.	352.85	1	sqm
11.41A.1	<b>Marble tiles (polished) Rajnagar</b>			
11.41A.1.1	8 mm thick	420.85	1	sqm
11.42	Marble stone flooring with 18mm thick marble stone (sample of marble shall be approved by Engineer-in-charge) over 20 mm (average) thick base of cement mortar 1:4 (1 cement : 4 coarse sand) laid and jointed with grey cement slurry including rubbing and polishing complete with :			
11.42.2	Makrana White Second quality	2334.80	1	sqm
11.42.7	Raj nagar plain	648.30	1	sqm
11.42.18	Pink plain marble	635.55	1	sqm
11.46	Extra for nosing in marble stone for treads	75.80	1	metre

11.47	Extra for marble stone flooring in treads of steps, not exceeding 30 cm in width	87.40	1	sqm
11.48	<b>Kota stone slab flooring</b> over 20mm (average) thick base laid over and jointed with grey cement slurry mixed with pigment to match the shade of the slab including rubbing and polishing complete with base of 1 : 4 ( 1 cement : 4 coarse sand) :			
11.48.1	25 mm thick	493.10	1	sqm
11.49	Kota stone slabs 25 mm thick in risers of steps, skirting, dado and pillars laid on 12 mm (average) thick cement mortar 1:3 (1 cement 3 coarse sand) and jointed with grey cement slurry mixed with pigment to match the shade of the slabs, including rubbing and polishing complete.	503.00	1	sqm
11.67	25mm wooden planking, tongued and grooved in flooring including fixing with iron screws complete with			
11.67.2	Second class teak wood	1328.25	1	sqm
11.67.4	Second class deodar wood	1171.80	1	sqm
11.73	Providing and fixing 1st quality <b>ceramic glazed tiles</b> conforming to IS : 13753 of minimum thickness 5 mm of approved make like NITCO, ORIENT, SOMANY KAJARIA, or equivalent make in all colours, shades except begundy, bottle green, black of any size as approved by Engineer-in-Charge in skirting, risers of steps and dados over 12 mm thick bed of Cement Mortar 1:3 (1 Cement : 3 Coarse sand) and jointing with grey cement slurry @ 3.3kg per sqm including pointing in white cement mixed with pigment of matching shade complete.	373.30	1	sqm

11.74	Providing and laying <b>Ceramic glazed floor tiles 300x300 mm</b> (thickness to be specified by the manufacturer) of 1st quality conforming to IS: 13755 of NITCO, ORIENT, SOMANY KAJARIA, or equivalent make in colours such as White, Ivory, Grey, Fume Red Brown, laid on 20 mm thick Cement Mortar 1:4 (1 Cement: 4 Coarse sand) including pointing the joints with white cement and matching pigment etc., complete.	478.90	1	sqm
11.75	Providing and laying <b>Ceramic glazed floor tiles 300x300 mm</b> (thickness to be specified by the manufacturer) of 1st quality conforming to IS: 13755 of NITCO, ORIENT, KAJARIA, SOMANY or equivalent make in all colours, shades except White, Ivory, Grey, Fume Red Brown laid on 20mm thick bed of Cement Mortar 1:4 (1 Cement: 4 Coarse sand) including pointing the joints with white cement and matching pigments etc., complete.	501.70	1	sqm
11.77	Providing and laying 'INVIZA' Glazed Ceramic floor tiles 395x395 mm (thickness to be specified by the manufacturer) of 1st quality conforming to IS : 13755, NITCO or equivalent make in all colours, shades except White, Ivory, Grey, Fume Red Brown, laid on 20 mm thick Cement Mortar 1:4 (1 Cement : 4 Coarse sand) including pointing the joints with white cement and matching pigments etc., complete.	616.45	1	sqm

11.78	Providing and laying polished <b>porcelain floor tiles</b> in different sizes (thickness to be specified by the manufacturer) with water absorptions less than 1% and flexural strength not less than 30N/mm <sup>2</sup> , in all colours and shades, laid on 20 mm thick cement mortar 1:4 (1 cement : 4 coarse sand) including grouting the joints with white cement and matching pigments etc., complete			
11.78.1	Size of Tile 50x50 cm	1082.10	1	sqm
11.78.2	Size of Tile 60x60 cm	1203.95	1	sqm
11.78.3	Size of Tile 80x80 cm	1719.05	1	sqm
12.65B	Providing and fixing <b>plaster of Paris (POP) false ceiling</b> consisting of frame work made with 50mm sq M.S. tubes of 18 G thickness as main runners at 600mm c/c both ways, suspended/ supported with M.S. flats 25x4mm from existing R.C.C. slab including providing and fixing minimum 10 mm thick POP (calcium sulphate semi-hydrate variety) jute reinforced tiles of 600x600 mm of plain/or of approved design finished smooth to line and level including necessary supports scaffolding etc. as required and also including applying a coat of red oxide zinc chromate primer	483.85	1	sqm
13.70	White washing with lime to give an even shade:			
13.70.1	New work (three or more coats)	4.65	1	sqm
13.71	Satna lime wash on walls one coat	1.85	1	sqm



13.75	Distempering with dry distemper of approved brand and manufacture (two or more coats) and of required shade on new work, over and including priming coat of whiting to give an even shade.	19.05	1	sqm
13.77	<b>Distempering with oil bound washable distemper</b> of approved brand and manufacture to give an even shade			
13.77.2	New work (two or more coats) over and including priming coat with cement primer	29.70	1	sqm
13.77A	Distempering with 1st quality acrylic washable distemper (readymade) of approved manufacturer and of required shade and colour complete. As per manufacturer's specification.			
13.77A.1	a) Two or more coats on new work	16.20	1	sqm
13.77A.2	b) One or more coats on old work	9.50	1	sqm
13.78	Applying one coat of cement primer of approved brand and manufacture on wall surface			
13.78.1	Cement primer	12.70	1	sqm
13.79	Finishing walls with <b>water proofing cement paint "Snowcem - Plus"</b> of M/s Snowcem India Ltd., or equivalent of required shade :			
13.79.1	New work (Two or more coats applied @ 3.84 kg/10 sqm)	23.10	1	sqm
	<b>FINISHING</b>			
13.11	<b>12 mm cement plaster of mix :</b>			
13.11.2	1:4 (1 cement : 4 coarse sand)	52.00	1	sqm

13.11.4	1:6 (1 cement : 6 coarse sand)	46.60	1	sqm
13.13	<b>20 mm cement plaster of mix :</b>			
13.13.2	1:4 (1 cement : 4 coarse sand)	73.90	1	sqm
13.13.4	1:6 (1 cement : 6 coarse sand)	65.45	1	sqm
13.24	<b>6mm cement plaster to ceiling of mix:</b>			
13.24.1	1:3 (1 cement : 3 fine sand)	40.00	1	sqm
13.25	6mm cement plaster 1:3 (1 cement : 3 fine sand) finished with a floating coat of neat cement and thick coat of Lime wash on top of walls when dry for bearing of R.C.C. slabs and beams.	54.80	1	sqm
13.40A	Providing and applying <b>plaster of Paris putty of 2mm thickness</b> over plastered surface to prepare the surface even and smooth complete	33.90	1	sqm
13.79D.2	<b>Painting wood work</b> with Delux Multi Surface Paint "Uni-Glosss" of M/s Snowcem India Ltd., or equivalent of required shade. Two or more coat applied @0.90 ltr/10 sqm over an under coat of primer C-W or equivalent, applied @0.75 ltr/ 10 sqm of appro	42.30	1	sqm
13.79D.3	<b>Painting Steel work</b> with Delux Multi Surface Paint "Uni-Glosss" of M/s Snowcem India Ltd., or equivalent to give an even shade. Two or more coat applied @0.90ltr/10sqm over an under coat pf primer UG or equivalent, applied @0.80ltr/10sqm of approved brand	44.00	1	sqm

13.92	<b>Wall painting with plastic emulsion paint</b> of approved brand and manufacture to give an even shade:			
13.92.1	Two or more coats on new work	30.80	1	sqm
13.93	Painting with synthetic enamel paint of approved brand and manufacture to give an even shade :			
13.93.1	Two or more coats on new work	24.25	1	sqm
13.98	Floor painting with floor enamel paint of approved brand and manufacture of required colour to give an even shade:			
13.98.1	Two or more coats on new work.	26.85	1	sqm
13.100	Varnishing with varnish of approved brand and manufacture:			
13.100.1	Two or more coats of glue sizing with copal varnish over an under coat of flatting varnish.	33.40	1	sqm
13.100.3	One or more coats with copal varnish.	14.35	1	sqm
13.100.4	Two or more coats glue sizing with spar varnish or an under coat of flatting varnish.	34.70	1	sqm
16.1	Making <b>plinth protection 50mm thick of cement concrete 1:3:6</b> (1 cement : 3 coarse sand : 6 graded stone aggregate 20 mm nominal size) over 75mm bed of dry brick ballast 40mm nominal size well rammed and consolidated and grouted with fine sand including finishing the top smooth.	131.20	1	sqm
	<b>ALUMINIUM WORK</b>			
24.1	Providing and fixing anodised <b>aluminium work for doors, windows, ventilators and partitions</b> with extruded built up standard tubular and other sections of approved make conforming to IS: 733 and IS : 1285,			

	<p>anodised transparent or dyed to required shade according to IS : 1868. (Minimum anodic coating of grade AC 15), fixed with rawl plugs and screws or with fixing clips, or with expansion hold fasteners including necessary filling up of gaps at junctions, at top, bottom and sides with required PVC/neoprene felt etc. Aluminium sections shall be smooth, rust free, straight, mitred and jointed mechanically wherever required including cleat angle, Aluminium snap beading for glazing / paneling, C.P. brass / stainless steel screws, all complete as per architectural drawings and the directions of Engineer-in-charge. (Glazing and paneling to be paid for separately)</p>			
24.1.1	For fixed portion	188.20	1	kg
24.1.2	For shutters of doors, windows & ventilators including providing and fixing hinges / pivots and making provision for fixing of fittings wherever required including the cost of PVC / neoprene gasket required (Fittings shall be paid for separately.)	198.50	1	kg
24.2	<p>Providing and fixing 12mm thick pre-laminated three layer medium density (exterior grade) particle board Grade I, Type II conforming to IS : 12823 bonded with phenol formaldehyde synthetic resin, of approved brand and manufacture in paneling fixed in aluminium doors, windows shutters and partition frames with C.P. brass / stainless steel screws etc. complete as per architectural drawings and directions of engineer-in-charge.</p>			
24.2.1	Pre-laminated particle board with decorative lamination on one side and balancing lamination on other side.	615.55	1	sqm
24.2.2	Pre-laminated particle board with decorative lamination on both sides.	708.90	1	sqm

24.3	Providing and fixing glazing in aluminium door, window, ventilator shutters and partitions etc. with PVC / neoprene gasket etc. complete as per the architectural drawings and the directions of engineer-in-charge. (Cost of aluminium snap beading shall be paid in basic item.)			
24.3.1	With glass panes of 4.0 mm thickness (weight not less than 10.0 kg / sqm)	413.90	1	sqm
24.3.2	With glass panes of 5.50 mm thickness (weight not less than 13.75 kg / sqm)	525.75	1	sqm

### CONSTRUCTION OF COMPOUND WALL - LOAD BEARING STRUCTURE

	Specification : PCC 1:5:10mix - 0.10m thickness, RR masonry foundation/ basement - 0.90m height, 9" Brick wall - 0.3m height, Half brick wall 1.5m height, Plastering with CM 1:5, 12mm thick, White wash 1coat								
	Working for 8 feet - 2.4m length								
No	Description	No.	L	B	D	Contents	Rate	Per	Amount
1	Earth work excavation	1	2.40	0.75	0.75	1.35	103.65	Cum	139.93
2	PCC 1:5:10 mix	1	2.40	0.75	0.1	0.18	1289.15	Cum	232.05
3	RR Masonry	1	2.40	0.45	0.9	0.97	1259.75	Cum	1224.48
4	Brick work in CM	1	2.40	0.23	0.3	0.17	1384.50	Cum	229.27
5	Half Brick masonry	1	2.40	-	1.5	3.60	174.85	sqm	629.46
6	Plastering with CM 1:4, 12mm	1	2.40	-	3.72	8.93	46.60	sqm	416.04
7	Refilling with earth					0.68	30.25	cum	20.69
8	White washing 1coat					8.93	1.85	sqm	16.52
	Total for 2.4m length								2908.44
	<b>Rate per metre for the year 2002</b>								1211.85
								Say	<b>1212.00</b>

PLINTH PROTECTION CONCRETE FINISHING ALL ROUND THE BUILDING									
	Specification : PCC 1:5:10mix - 0.15m thickness, top Plastering with CM 1:6, 20mm tk								
	Working for 1 sqm								
No	Description	No.	L	B	D	Contents	Rate	Per	Amount
1	PCC 1:5:10 mix	1	1.00	1.00	0.15	0.15	1289.15	Cum	193.37
2	Plastering with CM 1:6, 20mm	1	1.00	-	1.00	1.00	65.45	sqm	65.45
	Total for 1 sqm								258.82
	<b>Rate per square metre for the year 2002</b>								<b>259.00</b>
2'X2' TILES FLOORING INSTEAD OF CEMENT FLOORING									
	Working for 1 sqm								
	2'X2' Tiles flooring cost								1203.95
	Less Cement flooring cost								-113.70
	Difference cost per sqm								1,090.25
	<b>Rate per square metre for the year 2002</b>								1,090.25
	Say								<b>1,090.00</b>
1'x1' CERAMIC TILES FLOORING INSTEAD OF MOSAIC FLOORING									
	Working for 1 sqm								
	1'X1' Tiles flooring cost								616.45
	Less Mosaic flooring cost								-384.45
	Difference cost per sqm								232.00
	<b>Rate per square metre for the year 2002</b>								<b>232.00</b>

MARBLE FLOORING INSTEAD OF MOSAIC FLOORING									
Working for 1 sqm									
	Marble flooring (Rajnagar Plain)								648.30
	Less Mosaic flooring cost								-384.45
	Difference cost per sqm								263.85
	<b>Rate per square metre for the year 2002</b>								263.85
	say								<b>264.00</b>
<b>RCC PRECAST SLAB COMPOUND WALL</b>									
	Specification : RCC Precast slab 5feet height with RCC Precast concrete post 7feet height, Earth work excavation for each post 0.30x0.3x0.75m finished with CC 1:2:4 mix								
	Working for 8feet - 2.4m length								
No	Description	No.	L	B	D	Contents	Rate	Per	Amount
1	Earth work excavation	1	0.30	0.3	0.75	0.07	103.65	Cum	7.00
2	CC 1:2:4 mix	1	0.30	0.3	0.75	0.07	1,843.00	Cum	124.40
3	Precast cement concrete slab with 1.6mm MS wire	5	2.40	-	0.3	3.60	253.60	sqm	912.96
4	Precast cement concrete post with 1.6mm MS wire	1	0.13	0.125	2.13	0.03	3,915.25	Cum	130.30
5	Steel 6mmdia x 4nos.	((4x2.13)+(0.3x9))x 0.22				2.47	21.45	Cum	52.95
	Total for 2.4m length								1,227.61
<b>Rate per metre (5feet height) for the year 2002</b>								511.50	
Say								<b>511.00</b>	

**Reference Questions** - compiled by Prof. K. Divaka, Coimbatore

1. **Under which section of the IT Act, the Assessing Officer will require report on estimation of cost of construction?**

Section 142A on the investment made by the Assessee on building construction.

2. **What are the sections of the IT Act are related to unexplained investments?**

Section 68 – Cash credits

Section 69, 69 A,B,C – Unexplained investments, money, expenditure and investments not fully disclosed

3. **Who is responsible for establishing the facts, in case of the above sections?**

Under 68 & 69 – Burden of proof by the Assessee / onus of proof by the Assessing Officer- to be established by the ITO on evidence before invoking the sections

4. **Which section of the IT Act facilitates the appearance of the Registered Valuer representing the assessee?**

Section 287A

5. **What are the methods available to estimate the cost of construction?**

Accounts (Actual cost) Method

Detailed Estimate Method

Plinth Area Rate Method (CPWD / State PWD)

Contract Method

6. **Can an exact determination of cost of construction be done by the above methods?**

Not all methods are fool proof. If the assessee maintains proper book of accounts, with relevant bills and vouchers, this actual cost method will be



accurate. If all details like structural drawings, working drawings are available, then detailed estimate is well suited. Otherwise the Plinth Area Rate Method is nearer to accuracy.

**7. What is the basic expectation from a Registered Valuer?**

- a. Apply his mind to ascertain which items are the basic part of the building and which are not
- b. Take due consideration in year-wise declared cost of construction by the assessee.
- c. Analysis of technical details on inspection.

**8. When can a rebate on self-supervision be allowed and what is the percentage?**

When the construction is done by the assessee himself under his own supervision, and if the estimation of cost of construction is done by Plinth Area Rate method adopting CPWD Rates only a rebate of 7.5% may be allowed. For Account (Actual Cost) method, and detailed estimate method, the rebate on self-supervision will not be considered.

**9. When can the accounting method be adopted? How can we prove the correctness of the same?**

When the assessee provides all the bills for purchase of the materials, vouchers for the payments made to labourers and he maintains proper book of accounts for the all the expenses made and is duly audited, then the accounting method can be adopted. A technical audit for the materials used and the labour engaged as against the standard requirement is to be done to prove the correctness.

**10. What are the foundation depth, plinth height and floor height for which the CPWD PAR 2023 is notified?**

Foundation depth – 1.2 m

Plinth height - 0.6 m

Floor height – 3.0 m (Residential) and 3.6 m (Non-residential)

**11. What are the adjustments that are to be made in the cost estimation based on CPWD PAR specification?**

- a. Flooring & dados other than specified
- b. Different outside wall finishing
- c. Joineries and hardware fittings
- d. Rolling shutters, collapsible shutters
- e. Wooden wall paneling & false ceiling

**12. Where deductions can be made in CPWD PAR?**

Difference in foundation depth, plinth height and floor height

Different flooring joineries, cupboards, kitchen cabinets

Number of rooms, toilets, bathrooms

**13. Is a margin for contractor's profit and overheads provided in the PARs?**

CPWD PAR includes 15% towards profit and overheads. The break-up is 2.5 % towards watch and ward deployed during construction. 5% towards overheads towards material handling, storage and fixed expenses like salaries. 7.5% towards contractor's profit. State PWD (Tamil Nadu) PAR does not include the above.

**14. What are the percentages for extra provision on CPWD PAR 2021?**

- a. Water Supply and Sanitary – 9%
- b. Internal Electrification – 12.5%
- c. External Electrical Service Connection – 3.75%
- d. Civil External Service Connection – 1.25%
- e. Local Body approval charges – 1.25%

**Total 27.75%**

**15. What are the liabilities of the Assessee with respect to cost of construction estimation?**

- a. Provide Investment pattern in construction year-wise
- b. Date of commencement and completion

- c. Declare the expenditure along with the proof
- d. Savings or additional expensed effected by deviation from standard specifications

**16. Preliminary Data Collection by a Registered Valuer**

- 1. Year-wise expenditure towards construction as declared in the IT Returns
- 2. Construction accounts, bills and vouchers
- 3. Structural drawings, approved drawings and working drawings – all as constructed

**17. Site Inspection, Observation, Measurements and Recording**

- 1. Type of building – Residential/Office/Hospital
- 2. Type of Structure – Load Bearing/RCC Framed/Composite
- 3. Foundation depth if drawings available
- 4. Plinth height
- 5. Floor height
- 6. Flooring
- 7. Joineries
- 8. Balcony/Verandah/Portico/Sit-out
- 9. Wardrobes/show cases/kitchen cup-boards
- 10. Sanitary services
  - a. Number of bathrooms
  - b. Fittings – class and nos.
  - c. Flooring and dadoing
  - d. Sewage disposal method
- 11. Water Supply Services
  - a. Pipes – Class and quantity
  - b. Fittings – Class and quantity
  - c. No. of Wash basins, bath tubs

- d. Water heater – Solar/Electrical
- e. Overhead Tank/Sump
- f. Bore-well – Depth and pump type and capacity
- g. Municipal water connection

**12. Electrical Services**

- a. Lights and Fans – Nos. and class
- b. Air-conditioner – Brand and Capacity
- c. Special lighting arrangements
- d. Single or Three phase service connection
- e. Ordinary Mains or MCB Panels
- f. Power connection – Open or UG Cable

**13. Compound Wall & Gate**

- a. Length, height and type of construction of compound wall
- b. Size and material of the gate

**14. Detailed plinth area measurements as per IS Code Provisions**

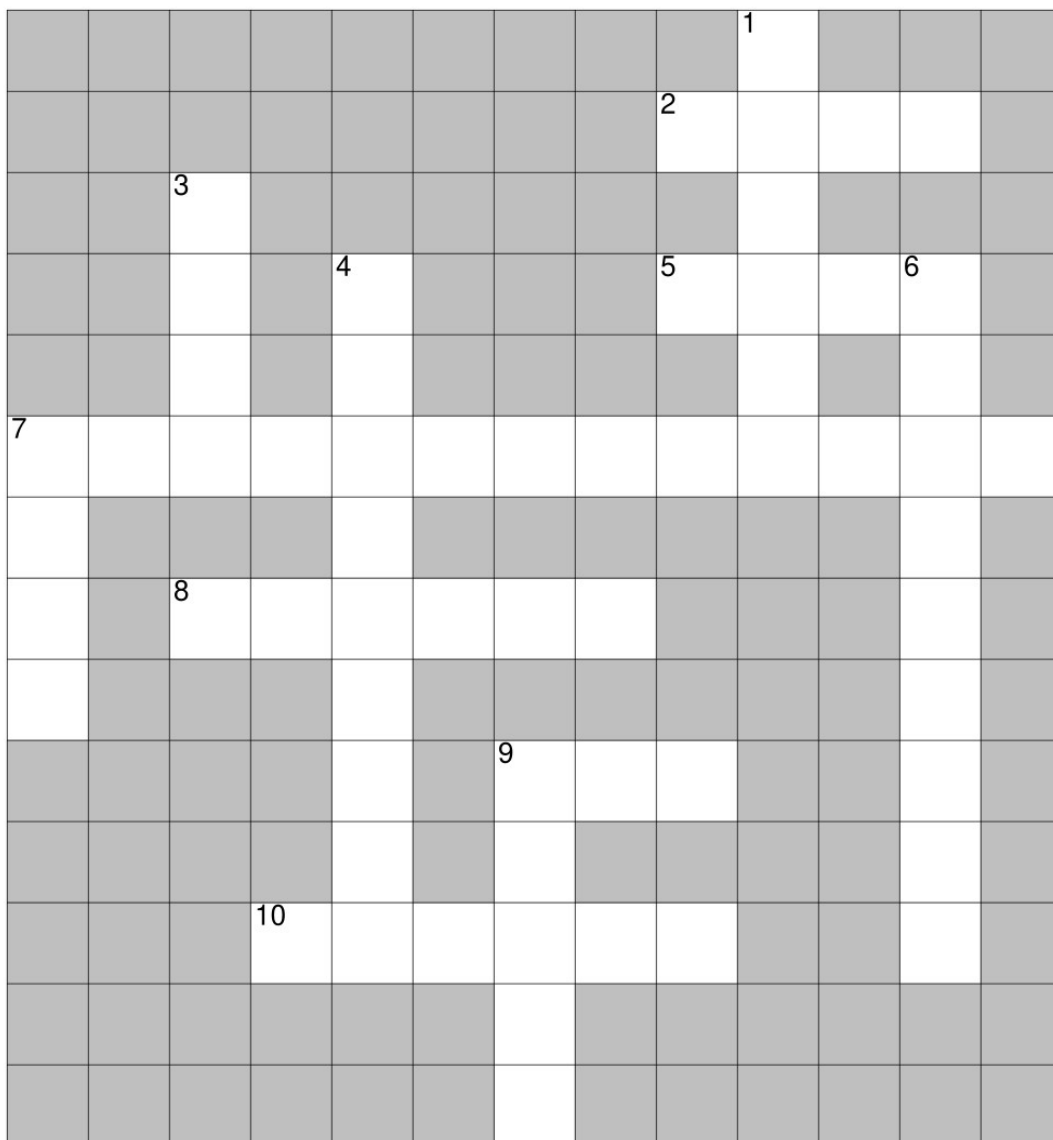
**15. Items executed and not executed as against the provisions of the PAR specified**

**16. Photographs of the interior and exterior of the building from all four sides**



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## CAPITAL GAINS



## CLUES

### ACROSS

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2. Transfer of assets under section 49 of IT Act is not considered in the case of gift or \_\_\_\_\_. (4)
5. For the FY 2023-24, the tax rate for long – term capital gain is 20% + 4%. This 4% is \_\_\_\_\_ for all categories of assesses. (4)
7. \_\_\_\_\_ index is a measure of inflation that is used to calculate long-term capital gains. (13)
8. As of FY.2023-24, the tax rate for long-term capital gain is \_\_\_\_\_ percent. (6)
9. To ascertain the \_\_\_\_\_ of the property as on 01.04.2001 is the role of registered valuers to ascertain capital gains. It is an abbreviation. (3)
10. Capital gain tax is to be paid by the \_\_\_\_\_. (6)

### DOWN

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1. Income tax and capital gains tax are the \_\_\_\_\_ taxes levied by the central government. (6)
3. In capital gain calculation, the fair market value as on 01.04.2001, will be more if the depreciated value of the building is \_\_\_\_\_. (4)
4. The \_\_\_\_\_ rate from the registrar's office is taken to calculate the unit rate of land. (9)
6. From 01.04.2017, the capital asset held by an assessee for not more than 24 months immediately preceding the date of its transfer is called as \_\_\_\_\_ capital asset. (9)
7. Cost inflation index is prescribed by the \_\_\_\_\_. It is an abbreviation. (4)
9. Cost inflation index and cost index are one and the same. This statement is \_\_\_\_\_. (5)

## PART - II

## COST OF CONSTRUCTION

## CLUES

### ACROSS

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3. The valuation cell officers are the engineers of Central Public Works Department who are on deputation to the Income Tax Department. They are also called as \_\_\_\_\_ valuers. (12)
4. When one estimates the cost of construction of a building, cost of \_\_\_\_\_ is not in the scope of valuation. (4)
9. Valuation, whether done by a registered valuer or by a valuation officer, is always a matter of \_\_\_\_\_. (7)
10. Central excise, customs and service tax comes under \_\_\_\_\_ taxes. (8)
11. When cost is estimated by adopting plinth area rate method (either CPWD or PWD) and when the assessee has not executed the works by contract method it is appropriate to allow a \_\_\_\_\_ of a suitable percentage towards self-supervision. (6)
12. The ratio of the cost of different building materials like brick, sand, aggregate, reinforcement etc., to the total cost is called \_\_\_\_\_. (9)

### DOWN

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1. Courts consider \_\_\_\_\_ method as more accurate method of estimating the cost of construction. (two words) (16)
2. Cost of construction can be ascertained by composite rate method. This statement is \_\_\_\_\_. (5)
5. The cost of construction is estimated by the accounting method, detailed estimate method, plinth area rate method and \_\_\_\_\_ method. (8)
6. For the addition of the effect of variation of prices over a period of time and place, \_\_\_\_\_ has provided an empirical number called building cost index as a standard device to absorb the price variation. It is an abbreviation. (4)
7. When a flat is valued for cost of construction the cost of undivided share of land is to be \_\_\_\_\_. (8)
8. \_\_\_\_\_ method is the right method of valuation in ascertaining the cost of construction in case of a flat. (10)



<b>ANSWER KEY - PART I</b>	<b>ANSWER KEY - PART II</b>
<b>ACROSS</b>	<b>ACROSS</b>
2. WILL 5. CESS 7. COST INFLATION 8. TWENTY 9. FMV 10. SELLER	3. DEPARTMENTAL 4. LAND 9. OPINION 10. INDIRECT 11. REBATE 12. WEIGHTAGE
<b>DOWN</b>	<b>DOWN</b>
1. DIRECT 3. LESS 4. GUIDELINE 6. SHORT TERM 7. CBDT 9. FALSE	1. DETAILED QUANTITY 2. FALSE 5. CONTRACT 6. CPWD 7. INCLUDED 8. ACCOUNTING