

Capital gains on transfer of foreign exchange assets not to be charged in certain cases.

115F. (1) Where, in the case of an assessee being a non-resident Indian, any long-term capital gains arise from the transfer of a foreign exchange asset the asset so transferred being hereafter in this section referred to as the original asset, and the assessee has, within a period of six months after the date of such transfer, invested [***] the whole or any part of the net consideration in any specified asset [***], or in any savings certificates referred to in clause (4B) of section 10 such specified asset [***], or such savings certificates being hereafter in this section referred to as the new asset, the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—

- (a) If the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45;
- (b) If the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be charged under section 45.

Explanation.—for the purposes of this sub-section,—

- (i) “cost”, in relation to any new asset, being a deposit [***] referred to in sub-clause (iii), or specified under sub-clause (v), of clause (f) of section 115C, means the amount of such deposit;
- (ii) “net consideration”, in relation to the transfer of the original asset, means the full value of the consideration received or accruing as a result of the transfer of such asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

(2) Where the new asset is transferred or converted otherwise than by transfer into money, within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be income chargeable under the head “Capital gains” relating to capital assets other than short-term capital assets of the previous year in which the new asset is transferred or converted otherwise than by transfer into money.