taxsutra All rights reserved

INCOME-TAX ACT, 2025

E: Capital gains

Section 74 - Special provision for computation of capital gains in case of depreciable assets.

(1) Irrespective of anything contained in section 2(101), for a capital asset forming part of a block of assets on which depreciation has been allowed under the Indian Income-tax Act, 1922 or under the Income-tax Act, 1961 or under this Act, the provisions of sections 72 and 73 shall be subject to the provisions of sub-sections (2) and (3).

(2) If, during the tax year, the full value of consideration received or accruing for the transfer of one or more assets in a block of assets exceeds the total of the following:––

(a) expenditure incurred wholly and exclusively in connection with such transfer;

(b) the written down value of the block of assets at the start of the tax year; and

(c) the actual cost of any asset falling within the block of assets acquired during the tax year,

such excess shall be deemed to be capital gains arising from the transfer of short-term capital assets.

(3) If any block of assets ceases to exist for the reason that all the assets in that block are transferred during the tax year, then,––

(a) the cost of acquisition of the block of assets shall be the written down value of the block of assets at the beginning of the tax year, as increased by the actual cost of any asset falling within that block of assets, acquired by the assessee during the tax year; and

(b) the income received or accruing as a result of such transfer or transfers shall be deemed to be capital gains arising from the transfer of short-term capital assets.

Downloaded by @weboapps.com at 29/11/26 09:03am