taxsutra All rights reserved

INCOME-TAX ACT, 2025

E: Capital gains

Section 83 - Capital gains on transfer of land used for agricultural purposes not to be charged in certain cases.

(1) Where an assessee, being an individual or a Hindu undivided family,––

(a) has capital gains arising from the transfer of a capital asset, being land, which was used by the assessee or his parent, or the Hindu undivided family for agricultural purposes (original asset), in two years immediately preceding the date of transfer; and

(b) has, within two years after that date, purchased any other land for being used for agricultural purposes (new asset),

then, instead of the capital gains being charged to income-tax as income of the tax year in which the transfer took place, it shall be dealt with as follows:—

(i) if the capital gains exceed the cost of the new asset, such excess shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be *nil*; or

(ii) if the capital gains is equal to or less than the cost of the new asset, no capital gains shall be charged under section 67, and for computing any capital gains arising from the transfer of the new asset within three years of its purchase, the cost shall be reduced by the amount of the capital gains.

(2) If the capital gains referred to in sub-section (1) is not utilised by the assessee to purchase the new asset before filing the return of income under section 263, then––

(a) the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government;

(b) such deposit shall be made before the filing of the return and not later than the due date applicable in the case of the assessee for filing the return of income under section 263(1); and

(c) the proof of deposit shall be submitted along with such return.

(3) For the purposes of sub-section (1), the amount already utilised for purchasing the new asset together with the deposited amount under sub-section (2), shall be deemed to be the cost of the new asset.

(4) If the amount deposited under sub-section (2) is not fully utilised for purchase of the new asset within the period specified in sub-section (1), then,—

(a) the unutilised amount shall be charged under section 67 as the income of the tax year in which two years from the date of the transfer of the original asset expires; and

(b) the assessee shall be entitled to withdraw such unutilised amount in accordance with the scheme referred to in sub-section (2).

Downloaded by @weboapps.com at 29/11/26 08:55am