

Income tax: Loss from sale of shares not eligible for setting off against other long-term capital gains

I received a cash gift of Rs 7.5 lakh from my maternal cousin on my birthday. Will it be taxable in my hands?

— Nishant Kumar

Under Section 56(2)(vii) of the Income Tax Act, 1961, any sum of money exceeding Rs 50,000 received as gift from any person is taxable in the hands of the recipient individual. However, gifts received from relatives, or on the occasion of marriage, are not taxable. A maternal cousin is not a 'relative' for the purpose of Section 56(2)(vii) of the Act. Thus, the gift received from him would be taxable and included in your total income as 'income from other sources'.

I am a salaried employee working in pharmaceutical company. The company has given me certain furniture for personal use. Do I have to pay tax for using this furniture?

— Vijay Sharma

Under the Income Tax Act, the use of movable assets belonging to the employer by the employee or any member of his household is treated as a taxable perquisite in the hands of employee. The value of the perquisite is calculated at 10% of the original cost of the asset as reduced by any charges recovered from the employee for such use. Thus, the taxable value of the perquisite, i.e., 10% per annum of the cost of furniture would be included in your salary.

I have been provided a car (1,200 cc) by my employer. All expenditure on driver, petrol, repairs and maintenance is paid by company. I am using the car for official as well

as personal use. What will be value of taxable perquisites?

— Arvind Rao

In your case, the car is owned by the employer and all expenses are met by the employer. Further, the car is partly used for official purposes and partly for private purposes. As per Rule 3, the perquisite value will be Rs 2,700 per month (i.e., Rs 1,800 per month for car plus Rs 900 per month for the driver).

I sold some equity shares, which I acquired one-and-a-half years ago, of a listed company through the stock exchange at a loss. Can I set off this loss against long-term capital gain on sale of property?

— Sukdev Singh

If the income from a particular source is altogether exempt from tax, then the loss from that source cannot be set off against income from a different source or income under a different head. Thus, a loss arising on sale of equity shares satisfying the conditions of Section 10 (38) will not be eligible for setting off against other taxable long-term capital gains.

I earned short-term capital gain Rs 50,000 on the sale of gold jewellery. How can I save tax on this?

— P Venugopal

The reinvestment benefit under Section 54F, 54EC are applicable only in case of gain arising from sale of a long-term capital assets. Since you have earned short-term capital gain, you cannot opt for these benefits. However, you can claim the benefit of Chapter VIA deduction, i.e., Section 80C, 80D, 80EE, etc, by satisfying the specified conditions to reduce your tax burden.

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