

Exemption of Capital Gain under section 54

SECTION	ASSESSEE	NATURE OF ASSETS	ASSET DISPOSED	ASSETS TO BE ACQUIRED	TIME LIMIT	AMOUNT OF DEDUCTION
54	Individual & HUF	Long Term only	Residential House	Residential Hose	Purchase: before 1 year or after 2 years of sale. Construction: after 3 years of sale.	Cost of investment or capital gain whichever is lower.
54B	Individual & HUF	Short Term and Long Term both	Agricultural Land used by assessee himself or parent for last 2 years	Agricultural Land in rural or urban area	Purchase within 2 years after transfer	Do
54D	All Assesses	Short Term and Long Term both	Land or Building or both forming part of industrial undertaking as compulsorily acquired.	Land or Building for industrial purpose	Purchase within 3 years after compensation received.	Do
54EC	All Assesses	Long Term Only	Land or Building or both	Bonds of REC or NHAI up to Rs.50 lacs.	Purchase within 6 months after transfer.	Do
54F	Individual & HUF	Long Term only	Any long term Capital asset other than residential house.	Residential House.	Purchase: before 1 year or after 2 years of sale. Construction: after 3 years of sale.	Note-1 .
54G	All Assesses	Short Term and Long Term both	Land / Building / Plant / Machinery for shifting of industrial under taking to rural area.	Land / Building / Plant / Machinery	Purchase before 1 year or after 3 years of transfer.	Cost of investment or capital gain whichever is lower.

54G A	All Assesses	Short Term and Long Term both	Land / Building / Plant / Machinery for shifting of industrial under taking to SEZ area.	Land / Building / Plant / Machinery	Purchase before 1 year or after 3 years of transfer.	Cost of investment or capital gain whichever is lower.
-------	--------------	-------------------------------	--	-------------------------------------	--	--

Note-1: Amount of deduction = $LTCG \times \frac{\text{Cost of investment}}{\text{Net Consideration}}$

Note-2: Period of Revocation of Exemption is 3 years for the above cases except 54EC which is 5 years.

Note-3: If new asset is not acquired before submission of return, Income Tax Act specifies an alternative in the form of deposit under the Capital Gain Account Scheme.