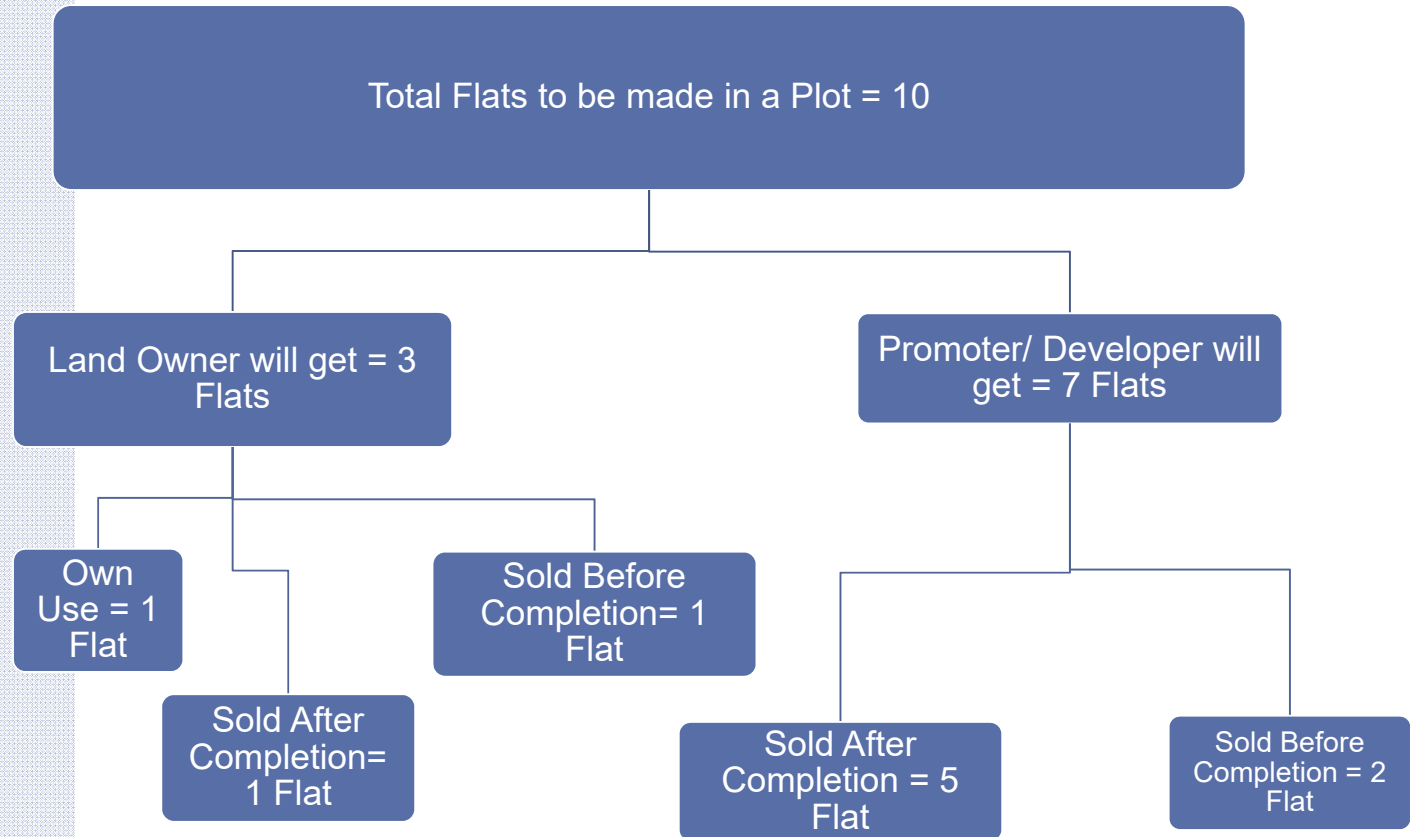




Taxation On Joint Development Agreement (Income Tax Act)

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Let Us Take One Example



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Taxation Under Income Tax (Section 45(5A))

- Year of Taxation : Year of getting Completion Certificate.
- Taxability: Stamp Duty value of the date of Issue of Completion Certificate will be taken as FVC (Full Value of Consideration).
- Period of Holding: Count from date of Purchase of Plot to Date of entering into JDA agreement.
- Similarly, Indexation will be done up to the date of entering into JDA.
- Provisions of this section applies only if Owner sells its own share after getting Completion certificate.

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- It applies only if the owner is individuals and HUF.
- The building or land is treated as a capital asset by the landowner.
- It will be applicable only where a registered agreement or deed is executed.
- It will not be applicable where the Landowner receives the entire sale consideration in cash.

Other Conditions

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- Suppose, A plot was purchased in year 01.02.2005 for Rs. 300000 only. Stamp Duty value for the each flat as on date of Completion (say 01/04/2022) is Rs 45,00,000. The owner got 2 flats from promoter in the Year of Completion. And the Promoter took 8 flats. The JDA was entered in 01.05.2017].

Taxability In the Hands of Owner:

Calculation of Tax Liability

For the Year ended 31/03/2023

Period of Holding: 01.02.2005 to 30.04.2017

Sales Consideration = $45,00,000 \times 2 = 90,00,000$

Less: Indexed Cost of Acquisition = $300000/113 \times 272 = 7,22,124$

LTCG = Rs. 82,77,876

Practical Example

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Taxability In The hands of Promoter/ Builder

- For Promoter/ Builder It is Business Income.
- Suppose he Incurred Construction Cost of 25,00,000 per Flat.
- The Stamp duty value of Land as on Date of JDA is Rs. 75 Lakhs.
- Builder Sold Flat For Rs. 42,00,000 each.
- Profit in the hands of builder will be = $(42,00,000 - 25,00,000) \times 8 - 75,00,000$
= 61,00,000/-

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**Now Taking our First
chart as Example We
will Calculate Capital
Gain in the Hands of
Owner**

- He sells 1 Flat before Completion for 40,00,000 on 01/02/2022.
- He uses 1 Flat for his Own use.
- He sells 1 Flat for Rs 60,00,000 on 03/04/2023.

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- Solution: For Flat 1 taxability will be happen in the year of Owner transfer his share.
 - i.e. Sales Consideration = 40,00,000
 - Less: Indexed Cost of Acquisition= $300000/3/113*317 = 2,80,531.00$
 - Long Term Capital Gain for the Year ended 31.03.2022 will be 37,19,469.00 .
- For Flat 2 & 3: For A.Y. 2023-24
 - Sales Consideration= $45,00,000.00*2 = \text{Rs. } 90,00,000.00$
 - Indexed Cost of Acquisition= $300000/3*2/113*272 = 4,81,416.00$
 - Long Term Capital gain for A.Y. 2023-24 = 85,18,584.00
- For Flat 3: For A.Y. 2024-25
 - Period of Holding= 01/04/2022 to 02/04/2023
 - Sales Consideration =Rs. 60,00,000.00
 - Cost of Acquisition = Rs. 45,00,000.00
 - Short term Capital Gains for A.Y. 2024-25 = 15,00,000

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Thank You

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