

IT PAYS TO KNOW

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GIFT OF PROPERTY VALUED MORE THAN RUPEES 50,000 TAXABLE W.E.F. 01.10.09

Finance Act, 2009 has amended the provisions of section 56 and brought gifts of all kinds in excess of Rs 50,000 under tax net w.e.f 01.10.09. The value of gift is taxable in the hands of donee being individual and HUF as income from other sources. Therefore all individuals and HUFs who receive gift on or after 01.10.09 must disclose the value of such gifts and pay tax in A.Y. 2010-11 and subsequent years.

The following types of gifts are out of tax net.

- From a person who is a relative. Relative is defined as (i) spouse (ii) brother or sister (iii) brother or sister of spouse

(iv) brother or sister of either of parents (v) any lineal ascendant or descendant (vi) any lineal ascendant or descendant of spouse and (vii) spouse of the persons referred to in (ii) to (vi).

- On the occasion of marriage
- Under a will or by way of inheritance
- In contemplation of death of the donor
- From any local authority
- From any institution referred to in section 10(23C)
- From any trust/institution registered under section 12AA.

(Source: PIB press release dated 30.09.09)