

LEGAL UPDATES

ITAT: NO CAPITAL GAIN TAX IS PAID ON A DISPUTED PENDING SHARE TRANSFER

In an appeal decided in the Anil Kumar Saha case the appellate authority noted that in scrutiny assessment by, AO observed that the assessee had received Rs.40 crores from ILFS on account of shares of ATS Estate (P.) Ltd., conditionally as per the terms of the Share Purchase and Shareholder Agreement and shares Subscription and Shareholders Agreement. However, no calculation on account of capital gain had been made for this transaction. The assessee filed another reply that was not found satisfactory by AO, who computed the capital gain on the transfer of shares at Rs.40,49,21,179/-. As the agreement between the parties did not attain finality during the year under consideration, and therefore the Appellate Tribunal held that the transfer of shares under dispute could not be subject to capital gain tax in the year under consideration.