

04:04 PM 13 NOV CLOSED MARKET STATS ▼	संसेक्स 35,144 ▲ 331.50	निफ्टी 50 10,582 ▲ 100.30	सोना (एमसीएक्स) (□/10 ... 30,764.00 ▼ -237.00	यूएसडी/भारतीय ... 72.64 ▼ -0.24	पोर्टफोलियो बनाएं	 ETMONEY THE DIRECT MUTUAL FUNDS APP	CHOOSE LANGUAGE HIN
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How can I save tax on gains made on selling a shop

BY ET BUREAU | NOV 12, 2018, 11.41 AM IST

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I recently sold my shop and made **capital gains** of Rs 33 lakh. How can I save tax on these gains?

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Amit Maheshwari Partner, Ashok Maheshwary and Associates replies: If the shop was held by you for less than two years, you will need to pay tax on **short-term capital gains** at the applicable slab rate, unless you have any capital losses to adjust.

If the gain is long-term, they can be exempted from tax, if you invest the sale amount to either purchase a house within two years from the date of sale, or construct a house within three years from the date of sale. If the entire amount from the sale is invested, the entire capital gains shall be exempt, otherwise, tax benefit will be to the extent the sale amount is invested.

Also, if the new house is sold within three years from its date of purchase, the capital gains will become taxable. You can also choose to invest the capital gains within six months from the date of sale of the property in the bonds of certain specified companies—National Highway Authority of India, Rural Electrification Corporation, etc. The sum that you can invest in these bonds is capped at Rs 50 lakh. If these bonds are held for less than five years, the capital gains will become taxable.

I am a pensioner and this year I have also been reimbursed for Rs 36,000 spent on my medical care (OPD expenses). Will this amount be added to my taxable income for 2018-19

Ashok Shah Partner, N.A. Shah Associates replies: It is not clear whether this **reimbursement** is from your previous employer or from a medical insurance policy. From 2018-19 onwards, any medical reimbursement received from one's employer will be included in the person's taxable **salary**. At the same time, the government has introduced a **standard deduction** of Rs 40,000 from one's taxable income. So, reimbursement of medical care expenses will be considered as income. However, you will be able to claim a standard deduction of Rs 40,000. But if the reimbursement is from an insurance policy, then the amount will be exempt from tax.

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