

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6133
ANSWERED ON:27.04.2001
INCOME TAX ON SALE OF AGRICULTURAL LAND
Y.S. VIVEKANANDA REDDY

Will the Minister of FINANCE be pleased to state:

- (a) whether the Supreme Court has held that the proceeds from sale of an agricultural land would be liable to income-tax;
- (b) if so, the reaction of the Government thereto;
- (c) whether the Government are considering to implement the order; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a): The Supreme Court in the Civil Appeals Nos. 15619-15620 of 1996 decided on 28.11.2000, has upheld the constitutional validity of the provisions of the Income-tax Act relating to taxability of capital gains on sale of agricultural land situated within municipal limits or within notified distances from the municipal limits. These provisions were enacted by the Parliament by Finance Act, 1970.

(b),(c) & (d): The Hon`ble Supreme Court has upheld the validity of provisions enacted by Parliament. There is no change in the legal position. The sale proceeds from such agricultural lands have all along been regarded as taxable gains as per the provisions of the Income-tax Act. The upholding of the validity of the enactment by the Hon`ble Supreme Court does not call for any further action from the Government.