YOUR QUERIES: INCOME TAX

No tax liability on gift received from parent

NEERAJ AGARWALA

• I want to give ₹80 lakh to my daughter to purchase a property. Will she have to pay gift tax?

—Ramesh Mahandis

Gifts received by an individual from a specified relative are fully exempt from tax, regardless of the amount. Specified relative includes a parent, so the gift of ₹80 lakh to your daughter will not attract any tax liability in her hands. To ensure smooth execution and proper documentation, execute a gift deed stating that you are gifting ₹80 lakh to your daughter. This document acts as proof of the transaction. Transfer the funds through a banking channel (such as NEFT, RTGS, or cheque) directly into your daughter's bank account to establish a clear audit trail. Retain copies of the gift deed, bank statements, and any communication related to the gift for future reference.

• I have a joint home loan with my wife. Can both of us claim income tax deduction?

—Arvind Kumar

Yes, both of you can claim a tax deduction of up to ₹2 lakh each on the interest paid for the home loan, if you are both co-owners of the property and co-borrowers of the loan. The property must be self-occupied to claim the maximum deduction of ₹2 lakh each. For let-out properties, there is no upper limit on the interest deduction, but the overall loss under "income from house property" is capped at ₹2 lakh per person in a financial year. The deduction is allowed in proportion to the share of the loan repayment. If both of you are equally sharing the repayment, you can claim an equal deduction. Both of you can also claim a deduction of up to ₹1.5 lakh each on the principal repayment under Section 80C.

• I bought tax-free bonds from the secondary market six months ago at ₹1,040 (face value is ₹1,000). The bonds are maturing now. Will the interest be considered tax-free and will there be a short term capital loss of ₹40?

—Dinesh Goyal

The interest earned on tax-free bonds remains exempt from tax under Section 10(15)(iv)(h), irrespective of whether the bonds were purchased in the primary or secondary market. Since you purchased the bonds at ₹1,040 and they are being redeemed at their face value of ₹1,000, the difference of ₹40 constitutes a short-term capital loss (STCL). This STCL can be adjusted against short-term or long-term capital gains in the same financial year. Any unadjusted loss can be carried forward for eight assessment years for future set-off.

The writer is partner, Nangia & Co.
Send your queries to fepersonal finance@expressindia.com