



# Full Value of Consideration

Full value of consideration is the consideration received or receivable by the transferor in lieu of assets, which he has transferred. Such consideration may be received in cash or in kind. If it is received in kind, then fair market value ('FMV') of such assets shall be taken as full value of consideration.

However, in the following cases "full value of the consideration" shall be determined on notional basis as per the relevant provisions of the Income-tax Act, 1961:

S. No.	Nature of transaction	Section	Full Value of Consideration
1.	Money or other asset received under any insurance from an insurer due to damage or destruction of a capital asset	45(1A)	Value of money or the FMV of the asset (on the date of receipt)
2.	Conversion of capital asset into stock-in-trade	45(2)	FMV of the capital asset on the date of conversion
3.	Transfer of capital asset by a partner or member to firm or AOP/BOI, as the case may be, as his capital contribution	45(3)	Amount recorded in the books of accounts of the firm or AOP/BOI as the value of the capital asset received as capital contribution
4.	Distribution of capital asset by Firm or AOP/BOI to its partners or members, as the case may be, on its dissolution	45(4)	FMV of such asset on the date of transfer
5.	Money or other assets received by shareholders at the time of liquidation of the company	46(2)	Total money <i>plus</i> FMV of assets received on the date of distribution <i>less</i> amount assessed as deemed dividend under section 2(22)(c)
6.	Buy-back of shares and other specified securities by a company	46A	Consideration paid by company on buyback of shares or other securities would be deemed as full value of consideration. The difference between the cost of acquisition and buy-back price (full value of consideration) would be taxed as capital gain in the hands of the shareholder.  <i>Note:</i> if shares are not listed on a recognized stock exchange, domestic companies would liable to pay additional tax at 20% under section 115QA on the distributed income (i.e. buy-back price as reduced by the amount received by the company for issue of such shares)
7.	Shares, debentures, warrants ('securities') allotted by an employer to an employee under notified Employees Stock Option Scheme and such securities are gifted by the	Fourth Proviso to Section 48	Fair Market value of securities at the time of gift



	concerned employee to any person		
7A.	Conversion of capital asset into stock-in-trade	49	FMV of the inventory as on the date of conversion
8.	In case of transfer of land or building, if sale consideration declared in the conveyance deed is less than the stamp duty value	50C	The value adopted or assessed or assessable by the Stamp Valuation Authority shall be deemed to be the full value of consideration. However, no such adjustment is required to be made if value adopted for stamp duty purposes does not exceed 110% of the sale consideration. <b>Note:</b> Where the date of agreement (fixing the amount of consideration) and the date of registration for the transfer of property are not the same, the value adopted or assessed or assessable by Stamp Valuation Authority on the date of agreement may be taken as full value of consideration.
8A.	Where consideration for transfer of unquoted shares is less than the Fair Market Value	50CA	The Fair Market Value (so determined in prescribed manner) shall be deemed to be the full value of consideration
9.	If consideration received or accruing as a result of transfer of a capital asset is not ascertainable or cannot be determined	50D	FMV of asset on the date of transfer (applicable from the assessment year 2013-14)

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**In Case of any query, please feel free to contact us.**

**Thanks & Regards**

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