Startup Founders Buy Super Luxe Homes to Cut LTCG Tax

Sec 54F of I-T Act helps save big bucks post selling their startup stakes

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New Delhi: Startup founders and company promoters looking to save on taxes have emerged as the main buyers of super luxury real estate properties after selling shares or stakes in their companies, said representatives of international brokerage firms.

Long-term capital gains from the transfer of equity shares (listed and non-listed) or from stake sales in a startup can be avoided under section 54F of the Income Tax Act, 1961, if the gains are invested in residential property.

"We have facilitated many such transactions in the last two years, where startup founders have sold their stakes and invested in high-end luxury residential properties to save on capital gains tax," said Amit Goyal, CEO, India Sotheby's International Realty.

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AMIT GOYAL CEO, India Sotheby's International Realty

High-net-worth individuals (HNI) across the spectrum have bought properties in the recent past. The list includes promoters such as Shekhar Bajaj of Bajaj Electricals and his family; Bharti Enterprises vice chairman Rajan Bharti Mittal; Siddharth Jain of Inox; Pooja Dhoot, wife of Videocon Group director Anirudh Dhoot; Shailesh Dalmia and his wife Natasha; and KEI Industries promoter Anil Gupta.

"Reinvesting in residential property can help them save as much as 20% plus applicable surcharge and cess. In other words, the property cost to them is about 20% cheaper, which, in a high-value transaction, is substantial," said Goyal.

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