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Introduction Section 50C of the Income-tax Act, 1961 ('the Act') was introduced to counter the understatement of consideration in real estate transactions by deeming the stamp duty value as the full value of consideration for the purpose of computing capital gains. However, a nuanced issue arises with respect to properties allotted under leasehold rights by government authorities such as the Maharashtra Industrial Development Corporation (MIDC). This article examines the evolution of judicial thought on the matter, culminating in the authoritative decision by the Bombay High Court in 2025.

Nature of Transfer under MIDC Allotments MIDC generally allots industrial land to entrepreneurs on a long-term lease basis, typically for 95 years. Legally, what is transferred is not ownership but a leasehold right—a limited right to use the land as per the terms of the lease. Crucially, in many.....