

# Slump Sale - is it still Tax Efficient?

*Provision for Slump Sale has been significantly amended by Finance Act 2021 . This has retrospective effect even for slump sale concluded in FY 20-21 . The transaction structuring landscape would predominantly change.*

## Earlier Law

**Definition :** Transfer of one or more undertakings as a *result of the sale* for a lump sum consideration

**Consideration :** There was no concept of Fair Market value. It considered actual sale value. For internal reconstructions , the Book Net Worth was mostly arrived as Sale Consideration.

## Amendment

**Definition :** Transfer of one or more undertakings *by any means* for a lumpsum consideration

**Consideration :** *Fair Market Value of the Capital Assets\** on date of transfer - calculated in a prescribed manner is deemed to be the consideration for slump sale. This is likely to enhance the taxable gain from Slump sale

**Net worth calculation :** Where Capital Asset, comprises of *Goodwill not purchased from previous owner cost* to be taken as **NIL**

*\*The manner of arriving at the Fair Market Value is yet to be notified.*

*We at Annveshan , provide advisory services on Transaction structuring and have the expertise to hand hold you through transaction advisory & support services.*

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**For further enquiries, please feel free to contact**

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