

## CAPITAL GAINS

### 1. Period of holding of Assets (POHA)

	Particulars	Before 23/7/2024	On or after 23/7/2024
1.	Listed shares zero coupon bonds units of UTI equity oriented MF Listed securities eg. Deb.	12 m	12 m
2.	Unlisted shares immovable property	24 m	24 m
3.	Other assets (Gold)	36 m	24 m
4.	Unlisted bonds unlisted debentures	36 m	Always treated as irrespective of POHA
5.	Specified MF market linked debentures	Always ST	Always ST

### 2. Computation of Long term Capital Gains / Trf on / After 23/7/2024

Particulars	Rs.	Rs.
Sale Consideration	XXX	
Less Cost of Acquisition	XXX	
Less Cost of Improvement	XXX	
Capital Gains	XXX	
Less : Exemption u/s 54, 54B, 54D, 54EC, 54EE, 54F	XXX	
<b>Long Term Capital Gain / Loss</b>		<b>XXX</b>

Note : Benefit of indexation is done away on transfer done on or after 23<sup>rd</sup> July 2024. If transfer takes place before 23/7/24 then Indexed cost of Acquisition and indexed cost of improvement will be calculated.



FA 2024

3. Gift / will / Irrevocable transfer by Ind / HUF → No Transfer, No Capital Gains.

Gift / will / Irrevocable transfer by other → Treated as transfer



FA 2024

## CA INTER - AMENDMENTS FOR MAY 25

### 4. Section 50 AA - CG in case of market linked debentures (w.e.f. FA 2023)

1) Section 50 AA is an over riding section

2) It is applicable for

a. a specified mutual fund acquired on or after 1/4/2023

b. market linked debentures

c. Unlisted bonds and unlisted debentures transferred on or after 23<sup>rd</sup> July 2024

Note : Before 23<sup>rd</sup> July for unlisted bonds and unlisted debentures POHA criteria will be 24 months.

3) Irrespective of POHA these assets would be **deemed to be STCA**

4) The STCG will be taxable at **normal rate of tax**.

5) Computation of capital Gain.

Particulars	Rs.
Sale consideration (sale price redemption or maturity value)	xx
Less COA	xx
Less COI (Financial assets like share, debentures, mutual funds do not have any COI)	NIL
Less exp on trf (STT not allowed)	xx
STC Gain	xx

6) Market linked debenture means any security classified as a market linked debenture by SEBI  
Its returns are linked to market returns or underlying securities. Generally underlying security is nifty index / Gold Bonds / Securities

7) Specified Mutual Funds

Mutual Fund → Max 35% of its proceeds is invested

### 5. Buyback of shares:

This is allowed as per Section 68 of Companies Act 2013.

(1)	(2)	(3)
Taxability in the hands of the -	Buyback of shares by domestic companies	Buyback of shares other than shares referred to in column(2) or other
Company	Subject to additional income tax @ 20% + (surcharge 12% and education cess @ 4 %).	Not subject to tax in the hands of the Company.
Shareholders	Income arising to shareholders exempt under section 10(34A).	Income arising to shareholders taxable as capital gains under section 46A.

## CA INTER - AMENDMENTS FOR MAY 25

1. Now consideration received on buy back of shares by the shareholder will be treated as deemed u/s 2(22) (f). This amendment will take be effective from 1/10/2024.
2.  $\therefore$  On buy back on or after 1/10/24 there will be capital loss in hands of shareholders.

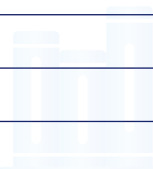
Sale consideration	NIL
Less COA	Purchase price
ST/LT capital loss	(XX)



FA 2024

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# CA INTER - AMENDMENTS FOR MAY 25

## 6. Taxation of Capital Gain: (V. IMP)



### Taxability of Long Term Capital Gains

#### Generally

- LT CG u/s 112

#### Section 112 A

1. No BEL

[ However benefit of unexhausted BEL available to R Ind RHUF ]

2. No VI A deduction

3. 87A Available

4. Tax Rates

Before 23/7/24

Tax @ 20%

Indexation

On or after 23/7/24

Tax @ 12.5%

No Indexation

FA 2024

Exception (all 4 conditions)

1. R Ind / RHUF

2. Trf. Immovable prop. Land / Building

3. Immovable prop purchased before 23/7/24

4. Sale of immovable prop after 23/7/24

Only for Tax Calculation

Option I

Option II

With

Or

w/o

Indexation

Indexation

Tax @ 20%

Tax @ 12.5%

1. Equity shares

Equity oriented MF

2. Equity shares

(Exception

Bonus Share)

STT

Purchase ✓

Sale ✓

Equity oriented MF

STT → Sale ✓

3. Tax @ 10% Before 23/7/24

@ 12.5% on or after 23/7/24

on Gain exceeding 1,25,000

4. Indexation ×

5. BEL ×

[ However benefit of unexhausted BEL available to R Ind RHUF ]

6. Chapter VI A ×

7. 87A ×

8. Grandfathering effect

If shares are acquired before 31/1/2018

+ 112 A

COA = FMV

or

Sale

as on 31/1/2018

consid

Lower amt

or

Actual

cost

BEL : - Basic Exemption Limit

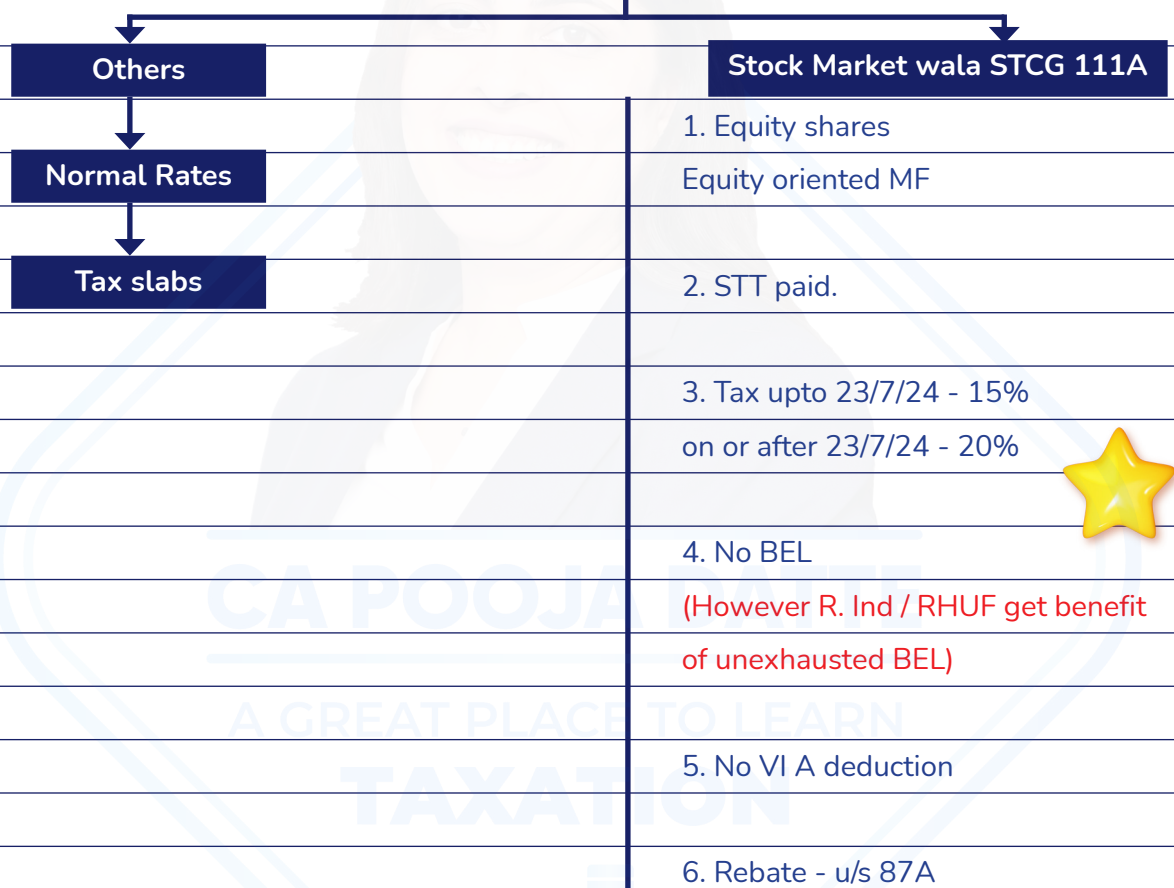
## CA INTER - AMENDMENTS FOR MAY 25

FMV as on 31/1/2018 for grandfathering effect

1. Take highest price quoted on 31/1/2018.
2. If no trading on 31/1/2018 then consider FMV of latest date of trading
3. If on 31/1/2018 share are not listed then its

$$\text{FMV} = \frac{\text{COA}}{\text{Index of acquisition}} \times (\text{Index of 17-18}) 272$$

### Taxability of Short Term Capital Gains



BEL : - Basic Exemption Limit

## CA INTER - AMENDMENTS FOR MAY 25

### Some Questions

1. Mr. Mithun purchased 100 shares of M/s Good money Co. Ltd. on 01-04-2008 at rate of 1,000 per share in public issue of the company by paying securities transaction tax. Company allotted bonus shares in the ratio of 1:1 on 01.12.2023. He has also received dividend of Rs. 10 per share on 01.05.2024. He has sold all the shares on 01.10.2024 at the rate of Rs. 4,000 per share through a recognized stock exchange and paid brokerage of 1% and securities transaction tax of 0.02% to celebrate his 75<sup>th</sup> birthday. Compute his total income and tax liability for Assessment Year 2025-26, assuming that he is having no income other than given above. FMV of shares as on 31-01-2018 is Rs. 2000.(Module Question)
2. Mr. Agarwal aged 40 years and a resident in India, has a total income of ₹ 4,50,00,000, comprising long term capital gain taxable under section 112 of ₹ 55,00,000, short term capital gain taxable under section 111A of ₹ 65,00,000 and other income of ₹ 3,30,00,000. Compute his tax liability for A.Y.2025-26. Assume that Mr. Kashyap has not opted for the provisions of section 115BAC. (Module Question from Basic Concepts)
3. Mr. Sharma aged 62 years and a resident in India, has a total income of 2,30,00,000, comprising long term capital gain taxable under section 112 of 52,00,000, short term capital gain taxable under section 111A of ₹ 64,00,000 and other income of ₹ 1,14,00,000. Compute his tax liability for A.Y.2025-26. Assume that Mr. Sharma has not opted for the provisions of section 115BAC.
4. Mr. K purchased HP on 9/11/2002 for ₹ 50,00,000. HP is sold on 25/11/2024 for ₹ 1,20,00,000. His PGBP income is 15 L. Compute tax liability if he is not opting for 115 BAC.