

8. Capital Gains

Charging section 45(1):

Any gain/loss on Transfer of capital Asset is taxable under the head capital gain in the previous year in which Transfer has taken place



CG calculated in year of transfer of capital asset

Method of Accounting (i.e. Accrual)

Accrual basis [except sec 45(1A), 45(2), 45(5)]

Capital Asset u/s 2(14)



- 1) Any kind of Property whether movable, immovable, tangible, intangible, used for business or not
- 2) Shares / securities held by foreign institutional investors.

Does not include

- 1) Any asset held as stock in trade.
2. personal effects



Any movable property used for personal purpose by Assessee or his family members.



personal effects does not include

S 1. Sculptures

P 2. Paintings

J 3. Jewellery.

A 4. Archaeological collection

D 5. Drawings

A 6. Any other work of art.

→ Immovable property always capital Assets.

3) Rural Agricultural land

RAI is a agricultural land situated

- ① in a place where population $\leq 10,000$
- ② 2 kms away from the municipality limits of a place where population $> 10,000 \leq 1,00,000$
- ③ 6 kms away from the municipality limits of a place where population $> 1,00,000 \leq 10,00,000$
- ④ 8 kms away from the municipality limits of a place where population $> 10,00,000 \leq$

4) Special Bearer Bonds

5) Specified Gold Bonds by ~~GA~~ CG

6. Gold Deposit Bonds under Gold Deposit Scheme

7. Deposit certificates issued under Gold monetisation scheme 2015.

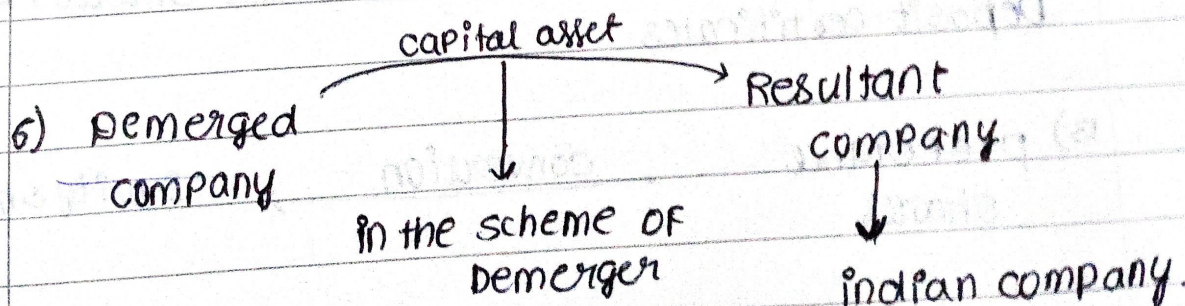
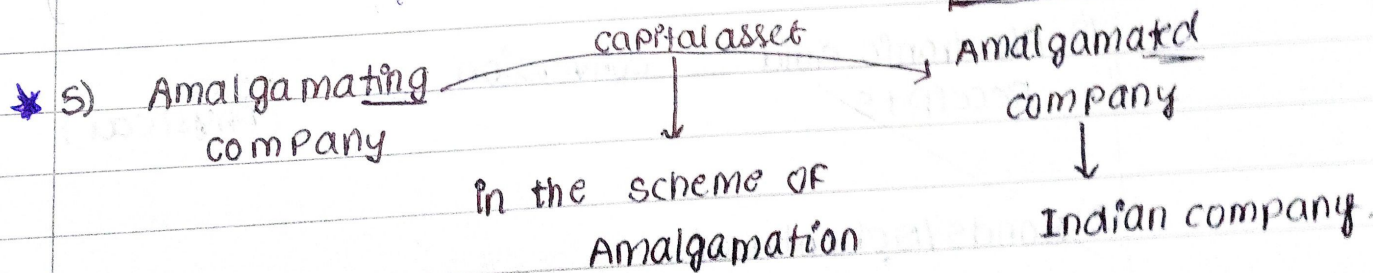
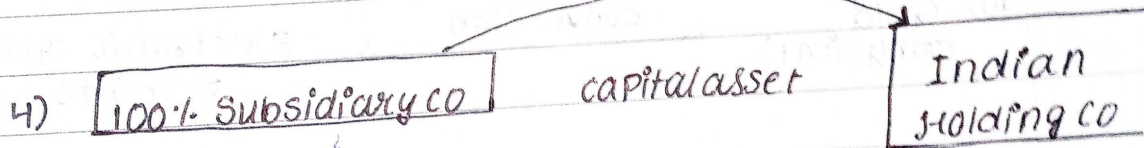
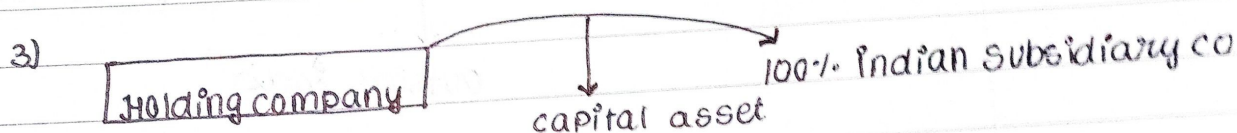
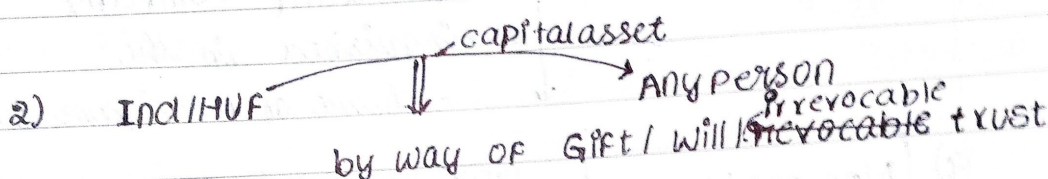
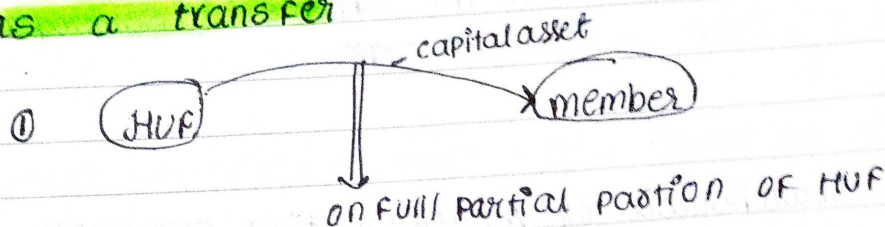
Transfer u/s 2(47)

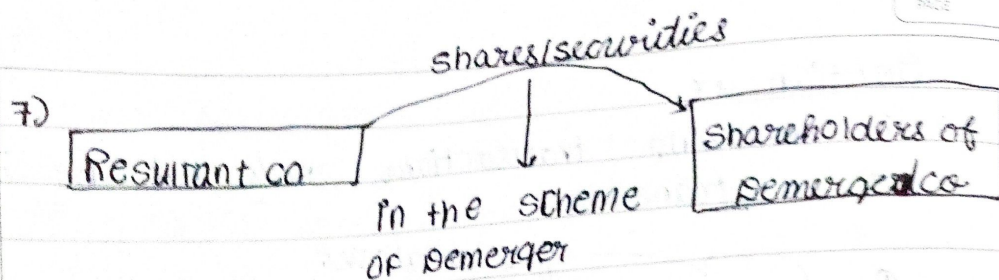
- 1) Sale, Exchange, Relinquishment (surrender of rights)
- 2) Extinguishment (cease to exist of right)
- 3) compulsory acquisition under any law.
- 4) conversion of capital asset into stock in trade.
- 5) Transactions under 53A of Transfer of Property Act

- ① Buyer has occupied the house property (or)
- ② Buyer has paid total consideration (or)
- ③ sale deed has not been executed but power of attorney (or) sale agreement has been executed
- 6) Redemption of zero coupon bonds

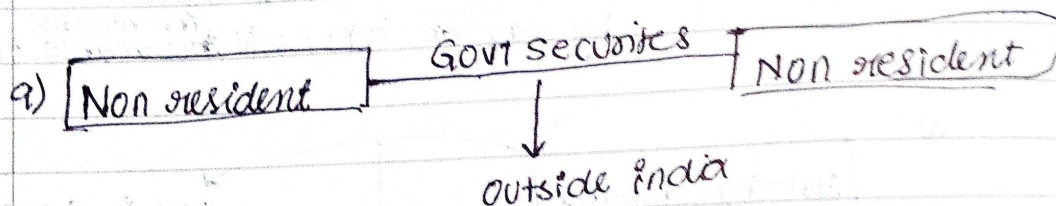
Section 47

⇒ The following transactions shall not be regarded as a transfer





8) Shareholders of Amalgamating company
↓
extinguished in the
scheme of Amalgamation



10) Gold (physical) → conversion → Electronic Gold receipts

11) Electronic Gold Receipts → conversion → Gold (physical)

12) Bonds / Debentures /
Debentures stock / → conversion → Shares / Debentures
Deposit certificates

13) Preference shares → conversion → Equity shares

14) Any person → Specified capital Asset → Govt / University / National museum / National art gallery

↓

- ① Drawing
- ② Paintings
- ③ Archaeological collection

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4) photographs

5) Books

6) manuscript (Thalapatta grandulu)

7) Any other work of Art

15) Redemption of Sovereign Gold Bond by individual.

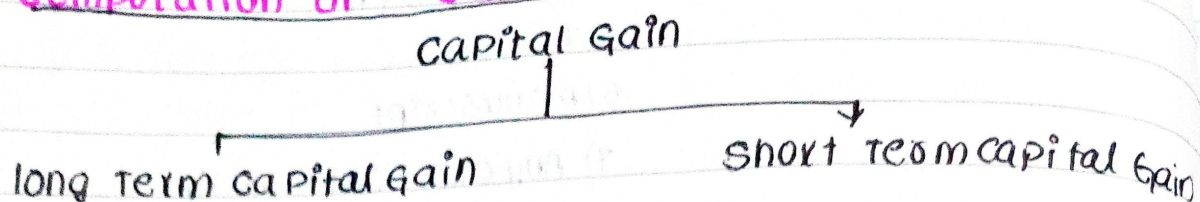
16) Senior citizen

Residential house property

Banks/Financial institutions

under Reverse mortgage.

Computation of Capital Gain/Loss.



① Long term capital gain [on which indexation is available]

Full value of <u>Consideration</u>	⇒ xxx
Less: <u>Transfer Expenses</u>	⇒ (xxx)
Net consideration	⇒ xxx
Less: <u>Indexed cost of acquisition</u>	→ (xxx)
Less: <u>Indexed cost of improvement</u>	→ (xxx)
LTCG	xxx
Less: <u>Exemptions [54 services]</u>	⇒ (xxx)
Taxable LTGG	xxx

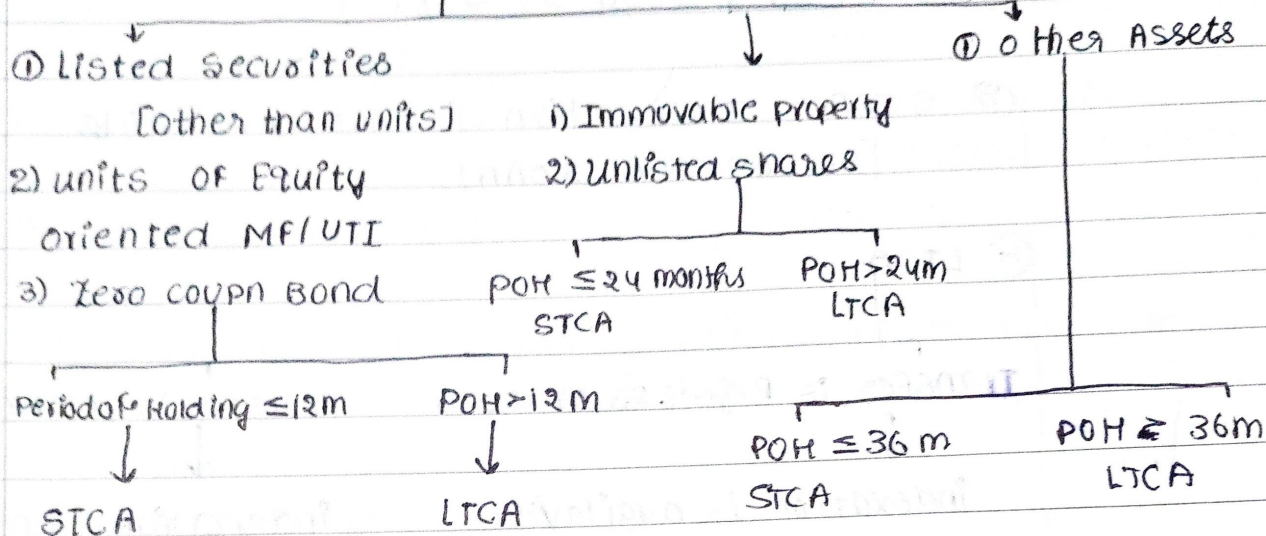
② Short Term capital gain

Long Term capital gain [No indexation is available]

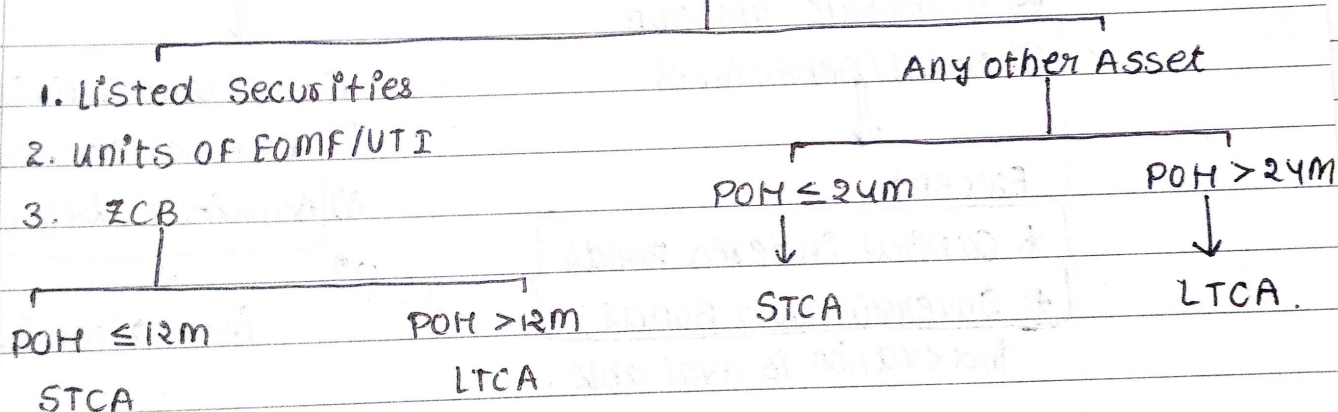
Full value of consideration	→ xxx
Less: <u>Transfer expenses</u>	→ (xxx)
Net consideration	→ xxx
Less: <u>cost of acquisition</u>	→ (xxx)
Less: <u>cost of improvement</u>	→ (xxx)
STCG / LTCG	xxx
Less: <u>Exemptions [54 services]</u>	⇒ (xxx)
Taxable STCG / LTCG	xxx

Capital asset (LTCA / STCA)

① Transfer Before 23.07.2024



② Transfer Taken Place on/after 23.07.2024



Note: Period of Holding

The period b/w date of acquisition and date of

Indexation:

$$1) \text{ Indexed COA} = \text{COA} \times \text{CII of year of Transfer}$$

$\uparrow$ CII of year of Acquisition
 or
 2001-2002

$$2) \text{ Indexed COI} = \text{COI} \times \text{CII of Year of Transfer}$$

CII of year in which COI incurred.

CII = cost of inflation index.
CII OF PY 2001-02 $\rightarrow$ 100
CII OF PY 2024-25 $\rightarrow$ 363

③ STCA = Indexation is not available
[Sec 50, 50A, 50AA]

④ LTCA

Transfer is Before 23.07.2024

Transfer is on/after 23.07.24

Indexation is available

Indexation is not available

Except

- ① Capital Assets u/s 112A
- ② Slump Sale u/s 50B
- ③ Bonds/Debentures

Except

- ① Resident individual/HUF
- ② Immovable property
- ③ Acquired before 23.07.24

Except

- * Capital indexed Bonds
- * Sovereign Gold Bonds

Sec 112

Indexation is available

Indexation is available.

Transfer expenses:

Any expense which is incurred wholly & exclusively in respect of transfer of capital asset.

Ex: Brokerage, commission, stamp duty etc.

Note: 1

① That expense should be paid by Transferor

2) Securities transaction tax shall not be allowed as deduction.

Cost of Acquisition

Cost incurred by the assessee to acquire that asset, also includes any expense incurred by assessee to acquire that asset.

1) COA in case of Asset acquired before 01-04-2001

capital asset

other than immovable

↓
COA
(or)

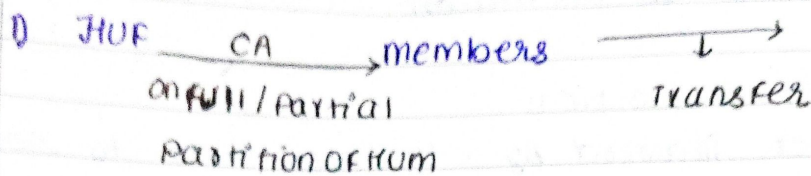
↓ Entry as on 01-04-2001

① COA

② (i) SDV ON 01-04-2001

(ii) FMV

2) Sec 49



Note 12 Individual/HUF $\xrightarrow[\text{by way of gift/will}]{\text{CA}}$ person $\xrightarrow{\text{Transfer}}$

3) Person $\xrightarrow{\text{CA}}$ Person $\xrightarrow{\text{Transfer}}$
Through inheritance/
Succession

4) Person $\xrightarrow{\text{CA}}$ Trust $\xrightarrow{\text{Transfer}}$
↓
Revocable/irrevocable

5) ~~Sec 45~~ Company $\xrightarrow{\text{CA}}$ shareholders $\xrightarrow{\text{Transfer}}$
on liquidation

6) Holding co $\xrightarrow{\text{CA}}$ 100% Indian subsidiary company $\xrightarrow{\text{Transfer}}$

7) 100% subsidiary company $\xrightarrow{\text{CA}}$ Indian holding co $\xrightarrow{\text{Transfer}}$

8) Amalgamating co $\xrightarrow{\text{CA}}$ Amalgamated co $\xrightarrow{\text{Transfer}}$
↓
in the scheme
of Amalgamation

9) Demerged company $\xrightarrow[\text{In the scheme of Demerger}]{\text{CA}}$ Resultant Company $\xrightarrow{\text{Indian Company}}$ $\xrightarrow{\text{Shares in}}$

10) Member of HUF $\xrightarrow[\text{As per sec 64(2)}]{\text{CA}}$ HUF $\xrightarrow{\text{clubbing}}$ $\xrightarrow{\text{Transfer}}$

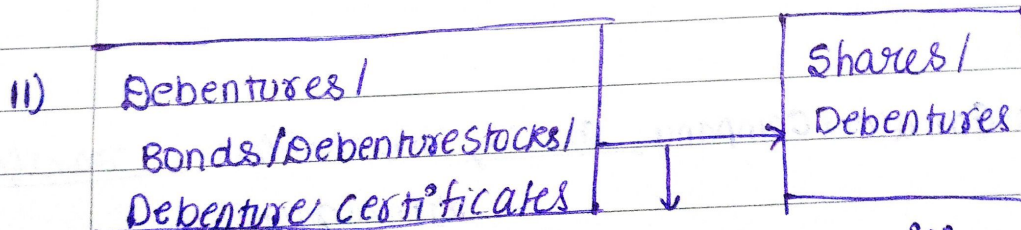
Note

If an assessee got capital asset through any of the above transactions, to calculate capital gain

- * COA of previous owner
 - * COT of previous owner along with assessee
 - * POT of previous owner along with assessee
- shall be considered

2) To calculate indexed COA, CII of the PY in which assessee becomes the owner, shall be considered

However in case of gifted assets, CII of PY in which previous owner becomes the owner, shall be considered



Cost of Acquisition of Shares /
Debentures $\Rightarrow$ COA of Bonds /
Debentures / Debenture Stock /
Deposit certificate

In respect of which assessee
got that shares / debentures.

POH OF Shares / Debentures $\Rightarrow$ shall be calculated from the date of acquisition of previous asset.

12) Preference shares $\xrightarrow{\text{COA OF 1}} \xrightarrow{\text{Equity shares Transfer}} \xrightarrow{\text{COA OF Preference shares}}$
Equity shares in respect of which assessee got that equity shares.

POH OF Equity shares $\Rightarrow$ shall be calculated from date of acquisition of preference shares

13) Gold (physical) $\xrightarrow{\text{EGR Transfer}}$

COA OF EGR $\Rightarrow$ COA OF Gold in respect of which assessee got EGR.

POH OF EGR $\Rightarrow$ Shall be calculated from the date of acquisition of gold

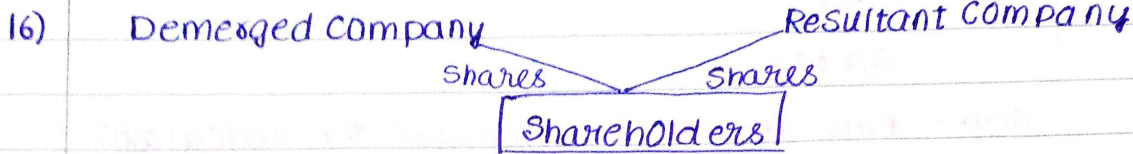
vice versa (13)
14)

EGR $\xrightarrow{\text{Gold Transfer}}$

15) Amalgamated Company shares, Shareholders $\xrightarrow{\text{Transfer}}$ of Amalgamating company
 $\Downarrow$
COA OF shares in Amalgamated company = COA OF shares in Amalgamating Co

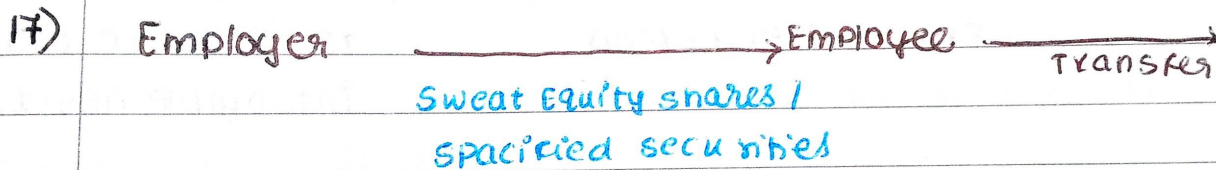
POH of shares
in Amalgamated co

⇒ shall be calculated
from POA of shares in
Amalgamating co.



COA Shares in Resultant Company = COA x Net book value of assets transferred
net worth of demerged company before demerger.

COA Shares in Demerged company (AFTER Demerger) = COA of shares in Demerged company (before Demerger) less: COA of shares in resultant company.



COA of Sweat equity shares / specified securities ⇒ FMV of Sweat equity Shares / specified securities considered to calculate value of the perquisite.

18. Stock in Trade $\xrightarrow{\text{capital asset transfer}}$ capital asset. Transfer
COA $\Rightarrow$ FMV OF the date of conversion.

19. Person $\xrightarrow{\text{Gifted}}$ Person $\xrightarrow{\text{Transfer}}$
CA
↓
Gifted

COA = FMV OF CA considered to calculate
value as per sec 56(2)(x)

Sec 55(2)

1. Intangible asset.

(i) COA OF SELF $\Rightarrow$ NIL
Generated intangible asset

(ii) COA OF IA PURCHASED $\rightarrow$ Cost incurred
From other Person to acquire that
Intangible Asset.

(iii) COA OF IA acquired $\rightarrow$ COA incurred by
through Transactions the previous
covered under section 49(1) owner.

2. Right shares

(i) original shares

COA $\Rightarrow$ cost incurred to acquire that
shares

POH $\Rightarrow$ shall be calculated from DOA
of such shares

(ii) Right Shares

↓
COA = cost incurred to acquire that shares
POH = Shall be calculated from DOA of such shares.

the TOTAL
of company

(iii) Right of Renouncement

↓
COA = Nil

POH = Shall be calculated from the date of issue of right shares.

ry based

(iv) Right Shares acquired by purchasing rights from another person

↓
COA = Cost paid to company to acquire that shares
+
Cost paid to person to acquire the rights of the shares.

thout be
is called

3. Bonus Shares

↓
* Cost of Bonus Shares = Nil

* Bonus Shares allotted before 1.4.2001 ⇒ FMV as on 01.04.2001

* Bonus Shares allotted before 01.2.2018 and STT paid on transfer

↓
Cost of acquisition

↑ (i) COA

(ii) a) FMV as on 31.01.2018

b) Consideration

4) Capital assets covered u/s 112A

- 1) Shares listed in RSE on which STT Paid both at the time of purchase and at the time of transfer.
- 2) units of Equity oriented funds on which STT Paid at the time of transfer.
- 3) units of Business Trust on which STT Paid at the time of transfer.

↓
acquired before
01.02.2018

↓
COA

1) COA

2) (a) FMV as on 31.01.2018

(b) consideration

↓
acquired on/
after 01/02/2018.

↓
COA = cost of investment
to acquire that
Shares.

5. Cost of Acquisition of Previous owner shall

↓
COA shall be FMV on the date on which
Previous owner becomes the owner of
the Asset.

Section 45(1A)

Insurance Amount received on destruction (destroy) of a capital asset due to.

1. Toofan, cyclone etc natural calamity.
2. civil disturbance
3. Bomb Explosion / Fire accident
4. Attack of enemy



Shall be taxable in the p.y in which insurance amount received

[Not in the p.y in which transfer has taken place]

Section 45(2)

Conversion of CA into stock in trade.



Both CG & Business income shall attract in the p.y in which such SIT is sold

Capital gain



Fmv on the date of conversion



Shall be treated as full value of consideration

Business income



Sale value → xxx

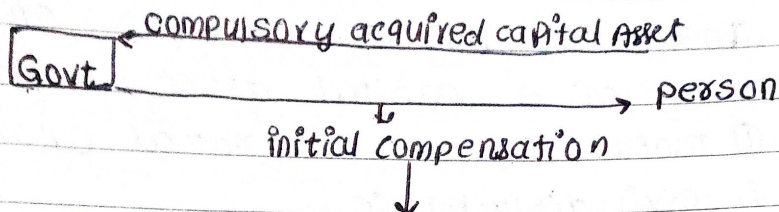
less: Fmv on date of conversion → xxx

Business income → xxx

Note:

- 1) Capital gain shall not attract in the p.y in which transfer (conversion) has taken place
- 2) while calculating Indexed cost of Acq (COA), CII of year of transfer shall be considered.
[But not CII of year in which CG attracts.]

Section 45(CS)



Shall be **taxable** in the P.Y
 in which **part/full initial compensation** received
 but **not** in the P.Y in which **transfer** has taken
 Place.

Enhanced compensation

Taxable under the head CG in the P.Y
 in which it is received

Received Through Interim order

not taxable in that P.Y
 but **taxable** in the P.Y
 in **final order** passed

Received Through
 Final order

taxable in the P.Y
 in which it is ~~paid~~
 received.

Note

1) While calculating CG of enhanced compensation
 COA, COI, **transfer expenses** not allowed as
 deduction but **legal expense for appeal**
 allowed as deduction

2. compensation is reduced on appeal

↓
 Recompute the CG on initial compensation

3) Assessee died before passed by court/
 authority, enhanced compensation is taxable
 in the hands of person who receives that
 enhanced compensation.

Cost of Improvement (Sec 55(1))

Any capital expenditure incurred in respect of capital asset is called cost of improvement.

COI

Before 01-04-2001

On/after 01-04-2001

shall be ignored

Allowed as deduction

Distribution of Assets by a liquidating company on liquidation (Sec 46)

Liquidating company (No CG in the hands of liq company)

Shall not
be regarded
as a transfer

Distributes any
CA on liquidation

Share holders

Tax treatment in the hands of shareholder

capital gain shall attract as shares are
Extinguished

Preference share holder

Equity shareholder

FMV of assets received
shall be the FVOC
to compute CG

Assets distributed
on/before the
liquidation date

Assets distributed
after the liquidation
date

FVOCFVOC

FMV of Assets received
less: Deemed dividend
u/s 2(22)(c)

FMV of assets received

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Note

If liquidating company (liquidator) sells any asset to 3rd party. $\Rightarrow$ CG shall attract in the hands of liquidating company

Section 46A: Buy Back of Shares / Specified Securities

Buy Back of specified securities (Any company)

company
↓

Tax treatment
shall not arise

security holder
↓

capital gain shall
attract

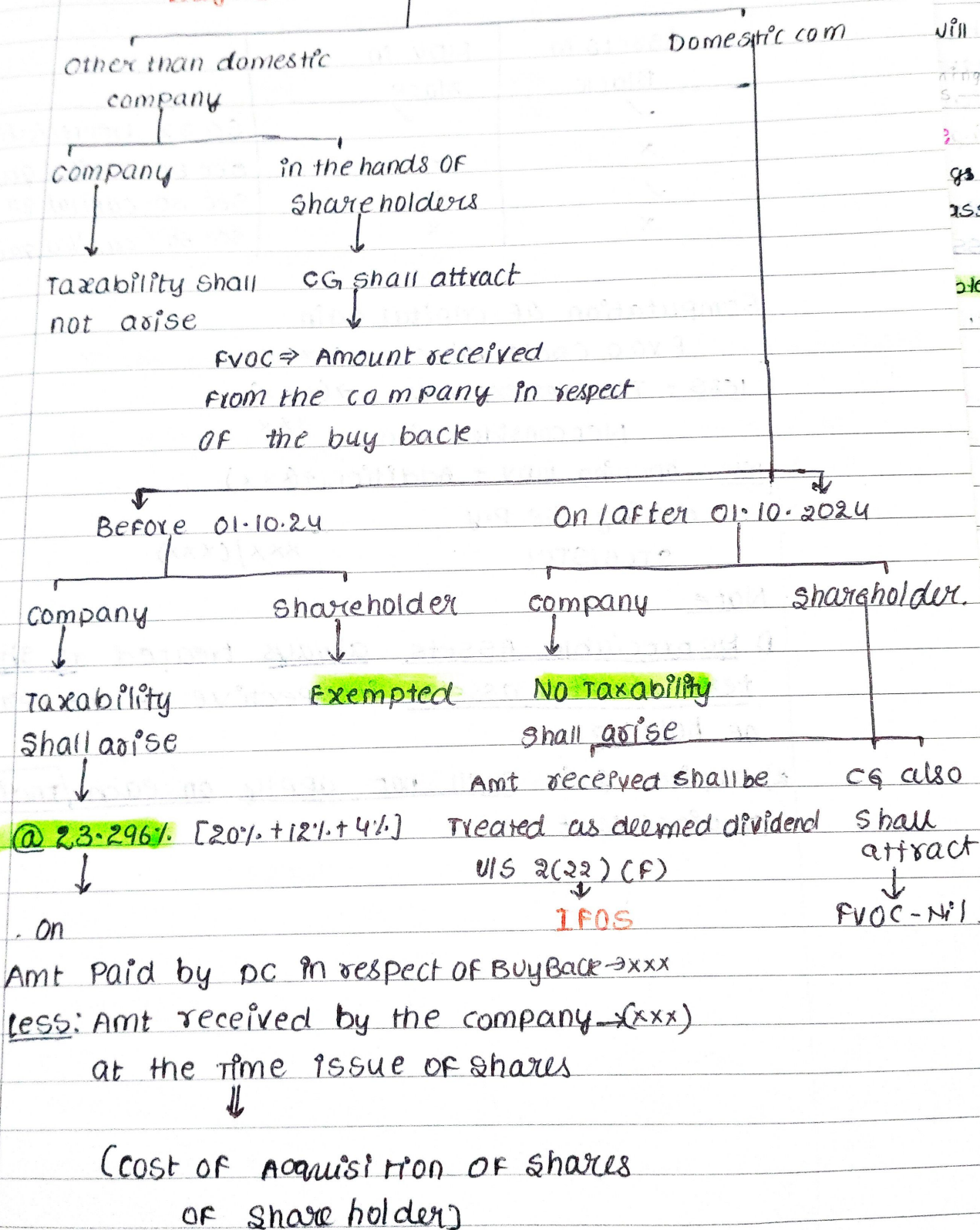
$\downarrow$
FVOC $\Rightarrow$ Amount received from
the company in respect of
Buy Back.

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Buy Back of Shares.



Section: 50 → CG on Depreciable Asset.

Assets in Block	WDV in Block	
✓	✓	Sec 32 Depreciation
x	✓	Sec 50 Capital gain
✓	x	Sec 50 Capital gain
x	x	Sec 50 Capital gain

Computation OF capital gain

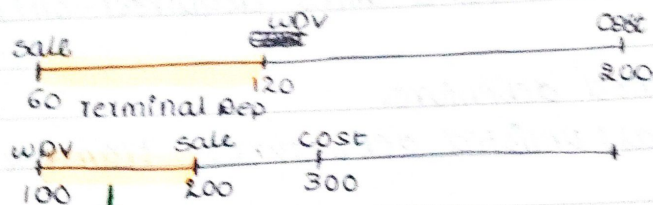
F.V.O.C (Sale value) → $xxxx$
 less: Transfer expenses → (xxx)
 Net consideration xxx
 less: opening WDV + Additions (xxx)
 during the P.Y.
 STCG/STCL $xxx/(xxx)$

Note

- 1) Depreciable Assets always treated as short term capital assets irrespective of the period of holding.
- 2) capital gain shall not apply on each individual capital asset.

Section-50(A)

Capital gain on depreciable Assets (SIM Method)



Balancing charge.

(Cost - Transfer expense)

Net consideration > WDV

To the extent of Cost

Balancing charge (income)

PGBP

In excess of Cost

Short term capital gain

Capital gain

Net consideration < WDV

WDV - net consideration

shall be terminal depreciation (expense)

PGBP.

Section 50AA

always start term capital asset irrespective of period of holding

- STCA

① Specified mutual fund units acquired on after 01-04-2023.

② market linked debentures

③ unlisted bonds/unlisted debentures transfer on after 23-07-2024.



Always treat the Above capital assets as short term capital asset.

~~Chapter 10~~

Note:**1. Specified Mutual Funds**

A mutual fund which invests $\leq 35\%$ of the total proceedings in equity shares of the domestic company.

2. Market linked debentures.

Debentures in which interest rate will vary based on market conditions.

Sec 50B $\rightarrow$ Slump sale.

Transfer of 1 or more undertakings without being assigned value of each individual asset is called slump sale.

* **Indexation** : benefit is **not available**

* **POH ≤ 36 months** $\Rightarrow$ STCA

POH > 36 months $\Rightarrow$ LTCA

$\downarrow$
From the date of commencement of unit to date of transfer

Computation of capital gain

FVOC	$\rightarrow$ xxx
less: Transfer Expense	$\rightarrow$ (xxx)
Net consideration	xxx
less: COA	(xxx)
COI	(xxx)
STCA / LTCA	xxx

Note:

1. Full value of consideration

① **FMV** $\Rightarrow$ Fair market value of **consideration** (monetary or non monetary) **received** during slump sale

② **FMV₂** $\Rightarrow$ FMV of **capital asset transferred** on slump sale

② COA/cof^{increment}

Networth of undertaking / unit Transferred on
Slump sale

Assets — Liabilities
↓

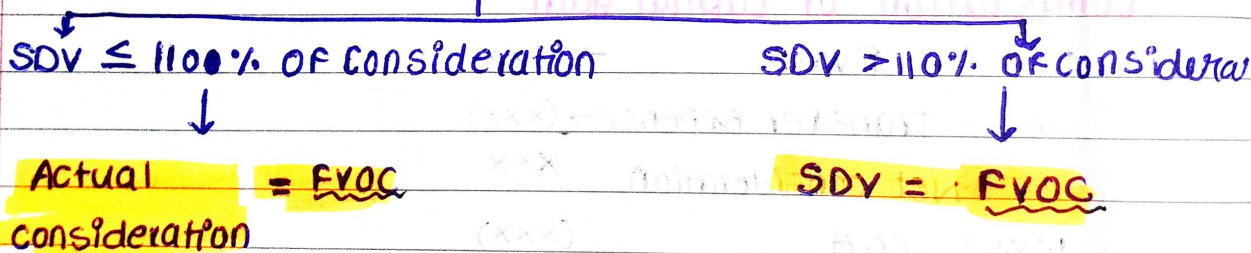
- ① Depreciable asset $\rightarrow$ WDV
- 2) Self generated goodwill $\rightarrow$ Nil
- 3) CA on which 35 AD deduction claimed $\rightarrow$ Nil
- 4) on Remaining Assets $\rightarrow$ Book value

3. Ignore revaluation effect while calculating value of the assets.

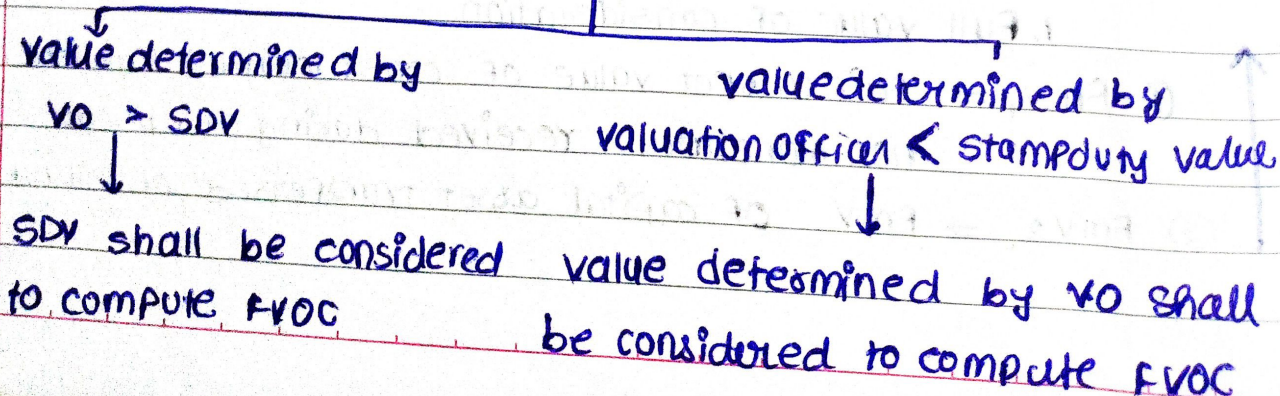
4. A certificate from CA should be furnished
[for networth calculation]

Section: 50-C

Sale consideration in case of immovable property
[land / building / both]

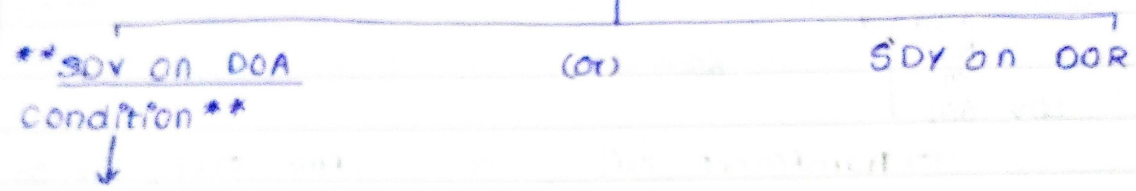


$\rightarrow$ At the request of Assessee if AO refers to valuation officer.

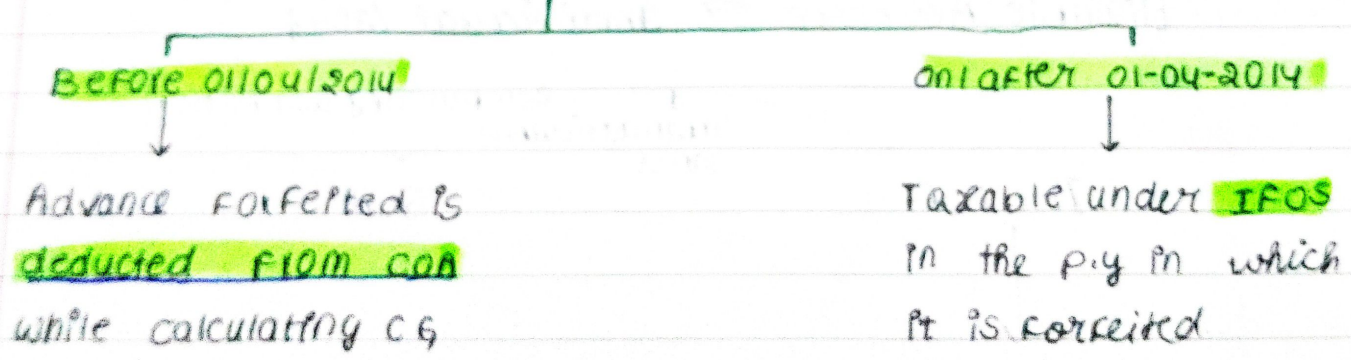


→ If assessee made appeal to Applicable Authority / Court
 ↓
 value determined by such authority / court shall be considered to compute PFC

→ If DOA & Date of Registration (DOR) are different dates, the assessee may take



Section 51 (Forfeiture of Advance)



Q. MRA acquired HP 50,000 on 22.05.1997. He gifted H.P. Mr. Babu (Son of MRA) on 01.08.2009 (FMV $\rightarrow$ 25L) on 01.04.2001 $\left\{ \begin{array}{l} \text{FMV} = 25L \\ \text{SDV} = 12L \end{array} \right.$ Mr. Babu entered agreement with Mr. Chinna. Mr. Chinna paid 6L as advance and advance is forfeited on 10.09.2012. Mr. Babu (Non resident) sold house property on 23.07.2024 $\downarrow$ SDV $\Rightarrow$ SOLARHS compute CG. 60L ARHS

A. $\begin{array}{c} \text{not consid} \\ 55 \\ \text{or} \\ \text{SDV } 60L \end{array} \uparrow = 60,00,000$

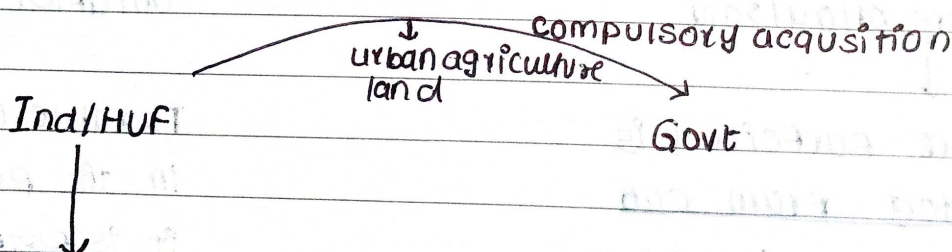
(-) Transfer Exp = 12L
Net 60,00,000

FMV 25L $\downarrow$ = 12L OR SDV $\uparrow$
SDV 12L $\downarrow$ = 12L

(-) (12,00,000 - 6L) $\frac{12,00,000}{54,00,000}$

Exemption u/s 10(37)

Eligible Assessee $\Rightarrow$ Individual/HUF.



Amount received is exempted u/s 10(37)

- 1) VAL should be used for agriculture purpose by Ind or family member of HUF/member of HUF for "2 p.y" immediately preceding the DOT (Date of transfer)

- 2) Initial compensation / enhanced compensation should be received on / after 01.04.2004.

Exemptions

Section-54

Eligible assessee: Individual / HUF

Eligible asset: Residential house property (LTCA) ^{long term CA}

Condition: Income from RHP should be taxable under IFHP.

Investment: Assessee should

- * Purchase 1 or 2 Residential House property within 1 year before or 2 years after the DOT (or)
- * Construct 1 or 2 Residential House property within 3 years from DOT
- * $LTCG \leq 2 \text{ crores} \Rightarrow 2 \text{ RHP}$
- * $LTCG > 2 \text{ crores} \Rightarrow 1 \text{ RHP}$
- * If assessee has not invested within due date of return filing, then he can deposit the amount in CGAS (capital gain Account scheme) within the due date of return filing. Then the amount deposited shall be treated as amount invested to claim exemption u/s 54.
- * If amount has not utilised in CGAS, then in the P.Y in which due date expires, that unutilised amount shall be treated as CG
- * new purchased RHP should not be transferred within 3 years from DOA / DOC
- * If newly purchased RHP is transferred within the 3 years from DOA / DOC



1. While calculating CG exemption u/s 54 shall be

Note:

once assessee claimed benefit of investing in 2 RHP, then assee cannot claim that option in lifetime.

Exemption Amt: 1) Investment
2) long term CG
3) Maximum amt 1001 ↓

Section 54B

Eligible Assessee: Individual/HUF.

Eligible Asset: ~~any~~ urban agriculture land

Condition: UAL should be used for agriculture purpose by the individual/his family (or) HUF for 2 py immediately preceding the DOT.

Investment: assessee should purchase UAL/RAI within 2 years from the DOT.

* If assessee has not purchased UAL/RAI within the due date of return filing, then assessee should deposit that amount in CGAS. Then the amount deposited shall be treated as amount invested to claim exemption u/s 54B.

* If assessee has not utilized CGAS amount till the due date, then unutilized amount shall be treated as CG in the P.Y in which due date expires.

* Newly purchased agriculture land should not be transferred within 3 years from the DOA.

* Newly purchased agricultural land is transferred within 3 yrs from DOA

RAI



No tax treatment

UAL



While calculating

CG, Exemption u/s 54B shall be reduced from COA

Exempted Amt

Investment

or
CG



Section-54(D)

Eligible Assessee: Any assessee

Eligible Asset: Land & Building

Conditions: (1) L&B should be transferred by way of compulsory acquisition.(2) L&B should be used for industrial undertaking by the assessee for 2 years immediately preceding the DOT.Investment: Assessee should purchase/construct land & Building within the 3 years from the DOT.Exemption:

Capital Gain

OR

Investment

whichever is lower

- * If assessee has not utilized CGAS amount till the due date, then utilized amount shall be treated as CG in the PY in which due date expires.
- * If assessee newly purchased L&B transferred within 3 years from DOT,

↓

while calculating CG, exemption u/s 54D shall be reduced from COA

Section 54 ECEligible Assessee $\Rightarrow$ Any assesseeEligible capital Asset $\Rightarrow$ Immovable property (land/Building/both)Nature of CA $\Rightarrow$ LTCA

↓

If Depreciable assets POH $>$ 24 months

↓ (Building)

↓
Investment ⇒ Assessee should purchase bonds of

- * National Highway Authority of India (NHAI)
- * Rural electrification corporation limited (RECL)
- * Power finance corporation (PFC)
- * Indian railway finance corporation (IRFC)

Within 6 months from the date of transfer

Amount of Exemption

CG
(or)
Investment
(or)
Savings

- ↓
- * Newly purchased bonds sold within 5 year (or) taken loan as a security within 5 years.

↓

Exemption u/s 54EC shall be treated as CG in the PY in which bonds are sold / loan taken.

Section: 54CF

Eligible Assessee: Individual/HUF

[Other than R.H.P.]

Condition:

1. Assessee should not hold more than 1 R.H.P.

2. Assessee should not purchase any R.H.P. within 1 year before 2 years from DOT.

(or)

Should not construct any R.H.P. within 3 years from DOT.

Investment

Assessee should purchase 1 RHP within 2 years from DOT / construct 1 RHP within 3 years from DOT.

Amount of Exemption

$$\text{LTCG} \times \frac{\text{Amount invested}^*}{\text{Net consideration}}$$

* Amount Invested

Investment

(or)

Net consideration

(or)

10 crores.

(or)

LTCG

* If assessee has not invested within the due date of return filing then amount deposited in CGAS shall be considered as investment to claim exemption u/s 54F

* If assessee has sold newly acquired RHP within 3 years



Exemption u/s 54F shall be treated as CG in the P.Y in which that RHP sold

* If assessee purchased/acquired any other RHP within 2 years/3 years



Exemption u/s 54F shall be treated as CG in the P.Y in which RHP purchased/constructed

Amount of Exemption

Net consideration

Amount invested

Investment

(or)

Net consideration

(or)

Investment

(or)

Net consideration



Without Indexation	
FVOC	810
less TRANSFER EXP	<u>8.1</u>
	801.9
less : COA	88
COA	<u>100</u>
LTCG	613.9

Tax on LTCG $\times 12.5\% \rightarrow 76.7375 \text{ lakhs}$

SECTION-54H

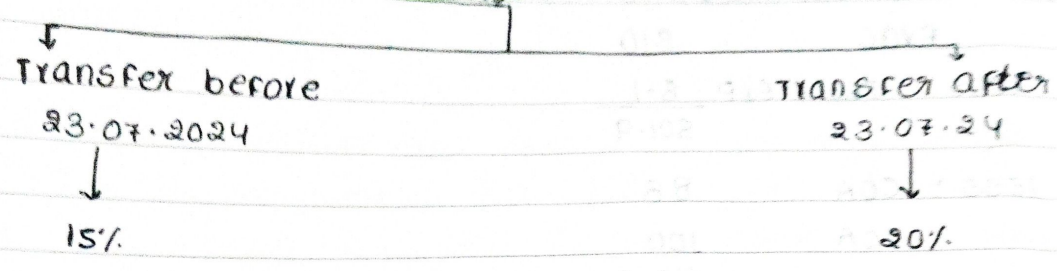
① In case of compulsory Acquisition

Time limit for investment shall apply from date of receipt of compensation but not from the date of Transfer

2) In case of conversion of CA into SIT

Time limit for investment shall apply from the date of sale of stock in trade not from date of Transfer.

1) Rates u/s 111A (STCG)



⇒ The above rate shall be applicable on **STCG** on transfer of following capital assets

- list
- 1) Equity shares of company
 - 2) units of business trust
 - 3) units of equity oriented funds

Condition

Securities transaction **CSTT** should be **paid** **at time of transfer** of the capital asset.

Note

- 1) tax on STCG other than STCG u/s 111A shall be normal tax rates applicable to person
- 2) In case of Resident individual / HUF **unexhausted Basic exemption limit** shall be adjusted
3. **chapter VI A deductions** are not allowed as deduction
4. **Rebate u/s 87A** is available.

2) Rules vis IIRA

10% Transfer before
23-04-2024

TRANSFER ON/AFTR
23-04-2024

12.5%

IN EXCESS OF 1,35,000

* The above rates are applicable on **LTCA** on transfer of following capital assets

- 1) Eq. shares of company
- 2) units of business trust
- 3) units of equity oriented ~~fund~~ **Fund**

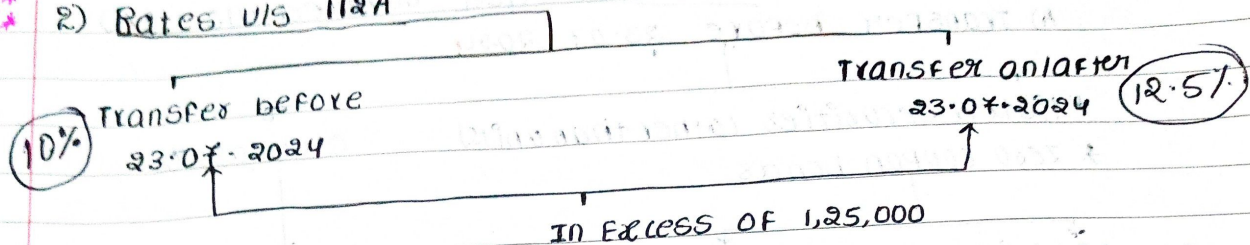
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Conditions

- 1) In case **equity shares** ⇒ **STT** should be **paid at the time of acquisition and transfer**
- 2) In case of **units** ⇒ **STT** should be **paid at the time of transfer**

NOTE

- 1) LTCA which is not covered under IIRA, that LTCA covered under section 112.
- 2) In case of Resident Ind/HUF, **unexhausted BEL** shall be **adjusted**.
- 3) **Deductions (Chapter VI A) are not allowed as deduction**
- 4) **Rebate is not available**
- 5) **Indexation benefit is not available**

2) Rates u/s 112A



* The above rates are applicable on **ITCG** on transfer of following capital assets

- list ↓
- ① Eq. shares of company
 - ② units of business trust
 - ③ units of equity oriented ~~mutual~~ funds.

conditions

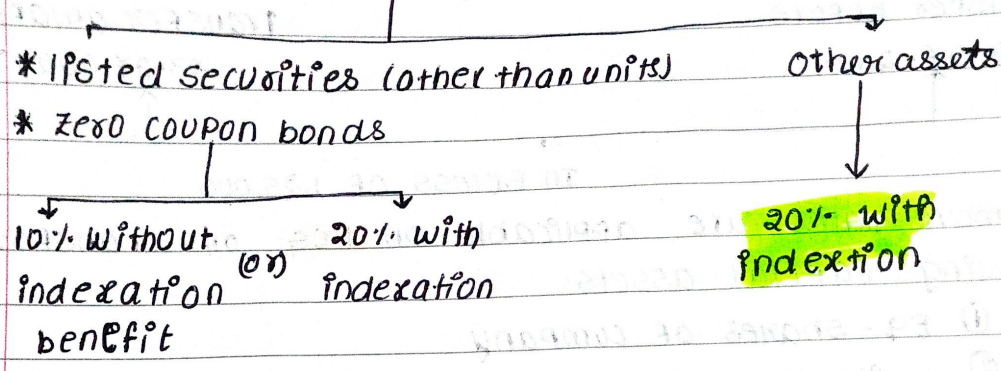
- ① in case **equity shares** ⇒ **STT** should be **paid at the time of acquisition and transfer**
- ② in case of **units** ⇒ **STT** should be **paid at the time of transfer**

NOTE

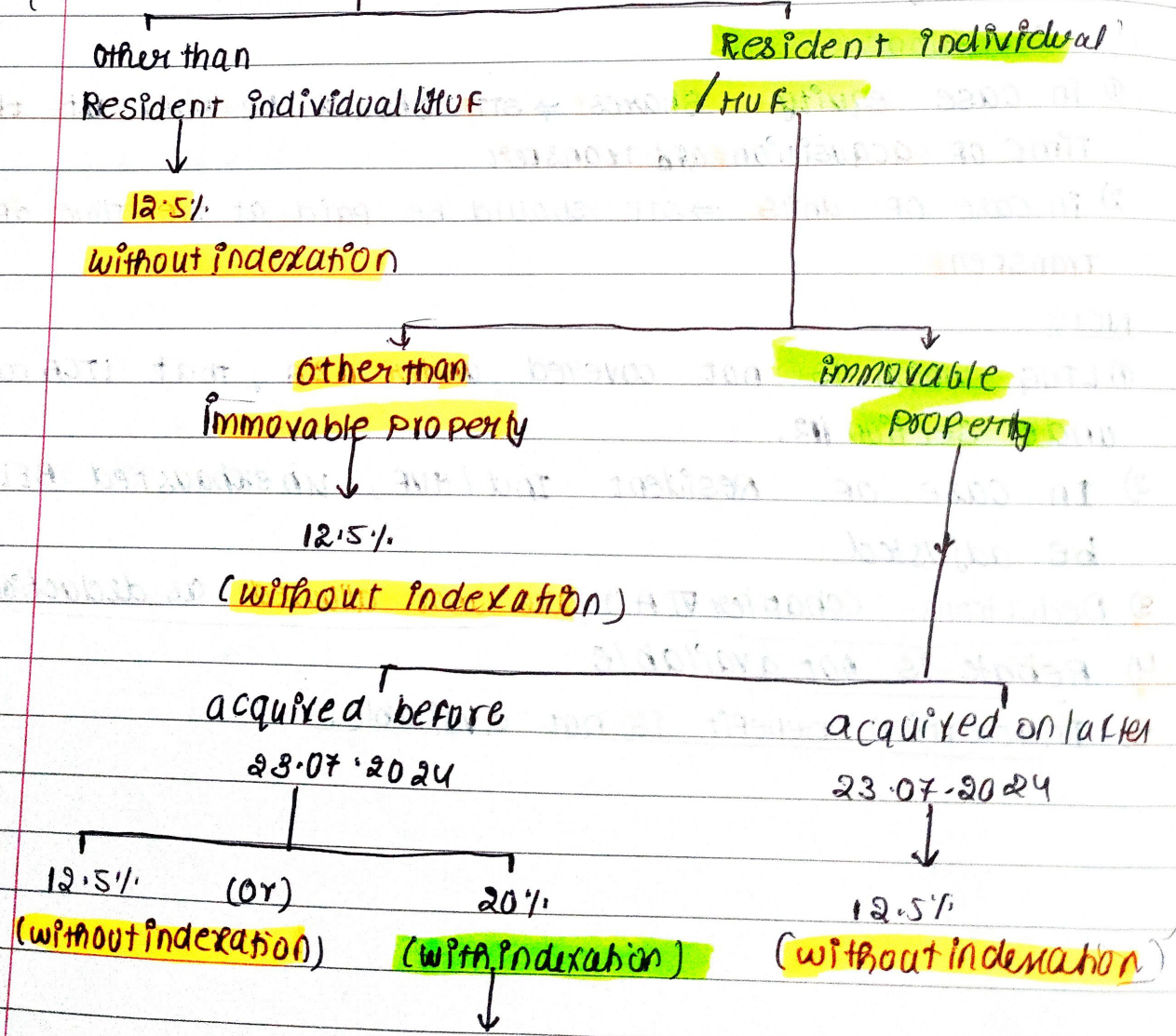
- ① LTCG which is not covered under 112A, that LTCG covered under section 112.
- ② In case of Resident Ind/HUF, **unexhausted BEL** shall be **adjusted**.
- ③ Deductions (chapter VIA) are **not allowed as deduction**
- ④ **Rebate is not available**
- ⑤ **Indexation benefit is not available.**

*** 3) Section 112 (other than LTCG covered vis 112A)

A) Transfer before 23.07.2024



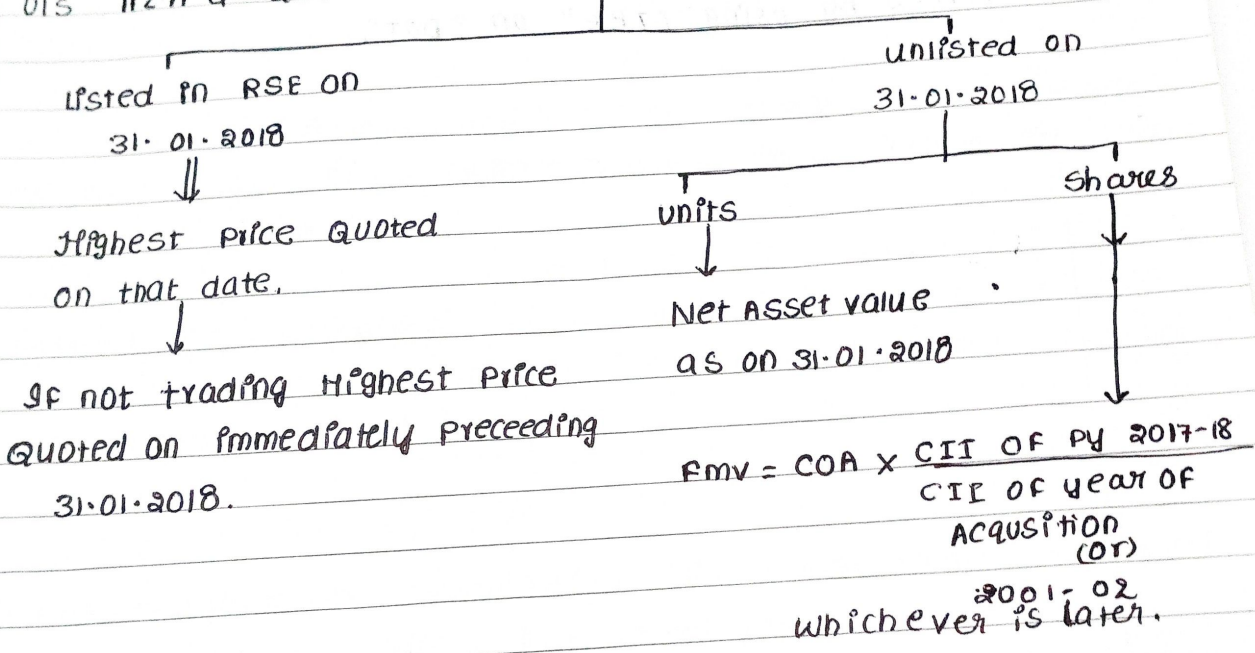
⊗ B) Transfer on/after 23.07.2024



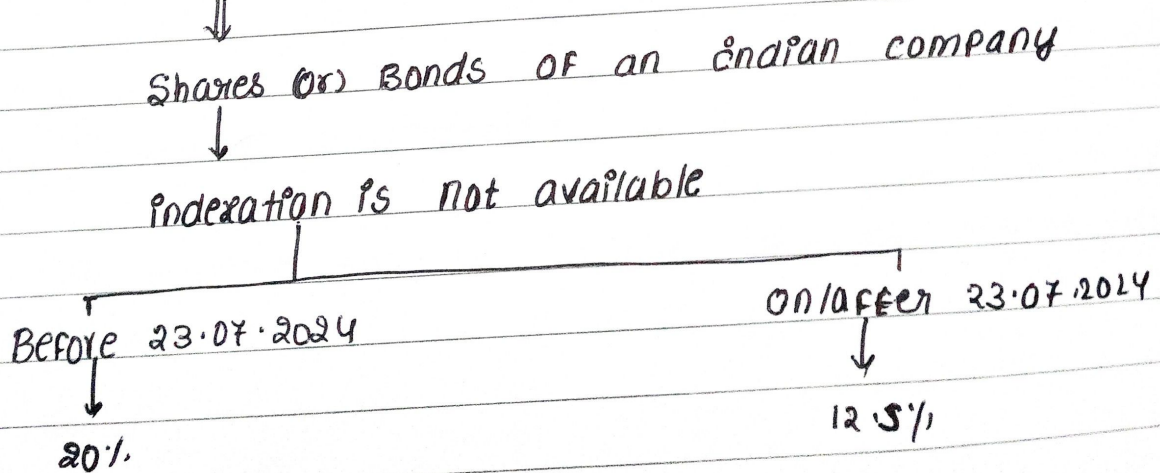
* loss shall be ignored.

Note :

- 1) ~~unexhausted~~ unexhausted BEL shall be allowed as deduction
- 2) Deductions (chapter VIA) not available
- 3) Rebate is available
- 4) Computation of FMV in case of assess covered u/s 112A & acquired before 01.2.2018



* Non resident / Foreign company



Note :

- 1) Foreign Fluctuation benefit is available

2) Foreign Fluctuation Benefit

Convert Following Items into Foreign current

* COA $\Rightarrow$ Avg of TTBR & TTSR ON DOA ^{Telegraphic Transfer Buying rate} Date of Acquisition

* FWC $\Rightarrow$ Avg of TTBR & TTSR ON DOT ^{DOF Transfer}

* TR-Exp $\Rightarrow$ Avg of TTBR & TTSR ON DOT

$\Rightarrow$ Resultant Ct shall be converted into Indian Rupees by using "TTBR" ON "DOT".