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UNION BUDGET 2024-25

## Tax Alert

# Key amendments for Financial Market

## Period of Holding for Capital Gains

Particulars	Short Term (ST)		Long Term (LT)	
	Prior Budget	Post Budget	Prior Budget	Post Budget
<u>All Listed Securities:</u> (Listed equity shares, Listed Mutual Fund, Zero Coupon Bond, Listed bonds and Debentures)	Upto 12 months	Upto 12 months	More than 12 months	More than 12 months
Units of business trust (REIT's and INVIT'S)	upto 36 months	upto 12 months	More than 36 months	More than 12 months
Unlisted equity shares, Preference shares	upto 24 months	upto 24 months	More than 24 months	More than 24 months
Unlisted Bonds and Debentures	upto 36 months	Upto 24 months**	More than 36 months	More than 24 months**
Market Linked Debentures and Specified Mutual Funds	Deemed ST	Deemed ST	NA	NA
Unlisted Mutual Funds	upto 36 months	upto 24 months	More than 36 months	More than 24 months

\*\*With effect from 23rd July 2024, the unlisted bonds and debentures shall be considered as Deemed Short Term.

## Capital Gain Tax rate

Particulars	Old Tax Rate (Applicable for transfer before 23 <sup>rd</sup> July 2024)	New Tax Rate (Applicable for transfer on and after 23 <sup>rd</sup> July 2024)
<b>Short Term Capital Gain</b>		
Listed equity shares, Equity oriented Mutual Fund, units of listed business trust (u/s 111A)	15%	20%
Listed Securities other than 111A (Listed Bond, Debentures)	30%	30%
Unlisted equity shares, Preference shares	30%	30%
Unlisted Bonds and Debentures	30%	30%
Market Linked Debentures and Specified Mutual Funds	30%	30%
Unlisted Mutual Funds	30%	30%
Particulars	Old Tax Rate (Applicable for transfer before 23 <sup>rd</sup> July 2024)	New Tax Rate (Applicable for transfer on and after 23 <sup>rd</sup> July 2024)
<b>Long Term Capital Gain</b>		
Listed equity shares, Equity oriented Mutual Fund, units of listed business trust (u/s 112A) (Exempt upto Rs. 1,25,000) *	10%	12.5%
Listed Bonds and Debentures	20% without indexation	12.5%
Unlisted equity shares, Preference shares	<ul style="list-style-type: none"> <li>10% without indexation</li> <li>20% with indexation</li> </ul>	12.5%
Unlisted Debentures and Unlisted bonds	20%	NA

\*Before budget 2024 LTCG was Exempt upto Rs. 1,00,000.

Indexation available under second proviso to section 48 is proposed to be removed for calculation of any long-term capital gains which is presently available for property, gold and other unlisted assets.

## Buy Back of Shares

- Before Budget 2024, buy back of equity shares was exempt in the hands of shareholder and company carrying the buy back was liable for buy back tax.
- It is proposed in Budget 2024 that the sum received from domestic company for purchase of its own shares shall be treated as deemed dividend in the hands of shareholder and taxable at applicable rates.

- Deemed dividend will be taxable under the Income from Other Sources and no deduction for expenses shall be available.
- The Cost of acquisition of such shares in the hands of shareholder shall be treated as capital loss (since deeming value of consideration shall be taken as Nil), which can be carried forward or can be set off against capital gain from sale of shares or otherwise.

The aforesaid amendment will take effect from 1<sup>st</sup> day of October, 2024.

## Security Transaction Tax

There has been change in the rate of STT for derivative transaction, which is as follows.

Particulars	Pre Budget	Post Budget
Sale of Options	0.0625% of option premium	0.1% of option premium
Sale of Futures	0.0125% of price at which 'future' is traded	0.02% of price at which 'future' is traded

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We provide integrated, digitally driven solutions encompassing Business and Professional Services, that help companies navigate challenges across all stages of their life-cycle. Through our direct operations in the USA, Poland, UAE, and India, we serve a diverse range of clients, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries.

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From inception, our founders have propagated a culture that values professional standards and personalized service. An emphasis on collaboration and ethical conduct drives us to serve our clients with integrity while delivering high quality, innovative results. We act as partners to our clients, and take a proactive stance in understanding their needs and constraints, to provide integrated solutions. Quality at Nexdigm is of utmost importance, and we are ISO/IEC 27001 certified for information security and ISO 9001 certified for quality management.

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**Nexdigm** resonates with our plunge into a new paradigm of business; it is our commitment to **Think Next**.

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