







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
All Listed Securities: (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 rd July 2024)	New Tax Rate (Applicable for transfer on and after 23 rd July 2024)
Short Term Capital Gain		
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 rd July 2024)	New Tax Rate (Applicable for transfer on and after 23 rd July 2024)
Long Term Capital Gain		
Listed equity shares, Equity oriented Mutual Fund, units of listed business trust (u/s 112A)	10%	12.5%
(Exempt upto Rs. 1,25,000) *		
Listed Bonds and Debentures	20% without indexation	12.5%
Unlisted equity shares, Preference shares	10% without indexation20% with indexation	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 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.

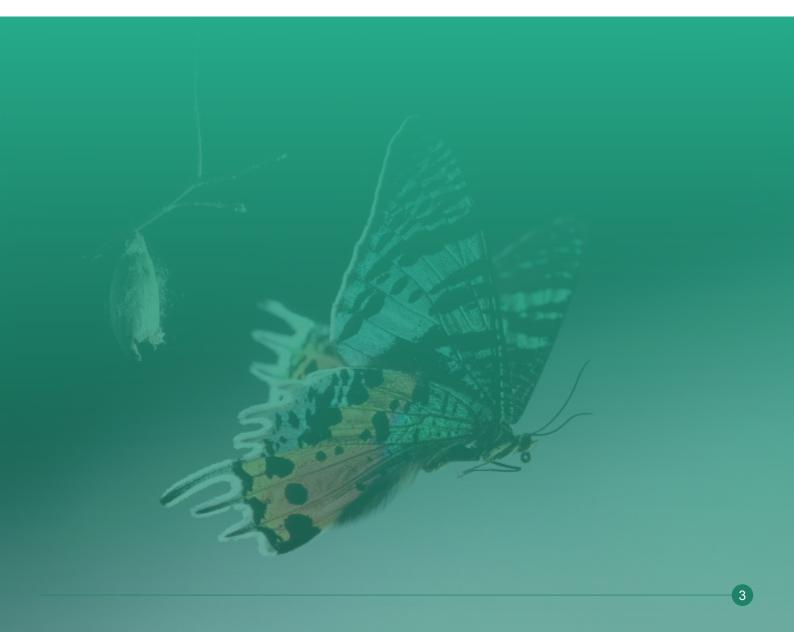
- Deemed dividend will be taxable under the Income from Other Sources and no deduction for expenses shall be available.
- The Cost of acquisition of such shares in the hands of shareholder shall be treated as capital loss (since deeming value of consideration shall be taken as Nil), which can be carried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

The aforesaid amendment will take effect from 1st 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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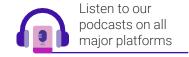












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