

TAX RATES

Tax on Short Capital Gains

Sec.111A

Any short term capital gains arising from the transfer of an equity share in a company or a unit of an equity oriented fund shall be liable to tax @15% if the following conditions are satisfied:

- 1.The Transaction of sale should take place through a recognized stock exchange.
- 2.Such transaction is chargeable to Securities Transaction Tax.

If the total income of an assessee includes such short term capital Gains and other income ,the tax payable by the assessee in such a case shall be the aggregate of-

- 1.The amount of income Tax calculated on such short term capital gains **(15%)**
- 2.The amount of income tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee.

In the case of an individual or HUF, being a resident, where the total income as reduced by such short term capital gains is below the basic exemption limit then the short term

capital gain shall be reduced by the amount of basic exemption limit not exhausted by any other income and only the balance short term capital gain shall be chargeable @15%. For a non resident assessee adjusting of basic exemption limit against short term capital gains shall not be applicable .Hence the entire amount of STCH shall be subject to tax @15%.

Tax on Long Term Capital Gains

Sec.112

Where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head Capital gains, such long term capital gains shall be charged to tax at **20%** rate.

Any L.T.C.G arising from transfer of equity share of a company or a unit of equity oriented fund which are listed in a recognized stock exchange is exempt from tax **u/s 10(38)**.

Where the transferred L.T.C.A is in the nature of listed securities or Units of UTI or Mutual fund or Zero coupon bond ,the gain arising from transfer of

such securities or units shall be liable to tax at the rate of 10% on such LTCG computed without the benefit of indexation or at the rate of 20% on such LTCG computed availing the benefit of indexation whichever is more beneficial to the assessee.

The possibility of Applying 10% or 20% tax rate shall arise only in case where the listed shares are not traded through a recognized stock Exchange and not chargeable Securities Transaction Tax.