

BUDGET 2024



Capital Gains Tax amendments at a glance

➤ Period of Holding to Qualify as Long Term Capital Asset(Proposed Amendment)

| Time Period | Asset |
|-------------|-----------------|
| 12 months | Listed Security |
| 24 months | Any Other Asset |

- Applicable from 23rd July, 2024.

➤ Short Term Capital Gain ("STCG")

| Asset | Existing Rate | Proposed Rate |
|--|-----------------|-----------------|
| Listed Equity Shares, Units of Equity Oriented Fund or Unit of Business Trust on which STT is paid | 15% | 20% |
| Any Other Asset | Applicable Rate | Applicable Rate |

- Applicable from 23rd July, 2024.

➤ Long Term Capital Gain ("LTCG")

| Asset | Existing Rate | Proposed Rate |
|--|---------------|---------------|
| Listed Equity Shares, Units of Equity Oriented Fund or Unit of Business Trust on which STT is paid | 10% | 12.5% |
| Any Other Asset | 20% | 12.5% |

- Applicable from 23rd July, 2024.

➤ Other Amendments

- Gains on sale of **Unlisted debentures** & **Unlisted Bonds** are proposed to be charged at applicable rate, irrespective of period of holding, including the same u/s. 50AA.
- Exemption of LTCG on transfer of Listed Equity Shares, Units of Equity Oriented Fund or Unit of Business Trust on which STT is paid is proposed to be increased from Rs. 1.00 Lacs to Rs. 1.25 lacs
- Indexation benefit for computation of LTCG is proposed to be withdrawn.
- To bring parity of taxation between resident and non-resident, corresponding amendments are proposed to section 115AD, 115AB, 115AC, 115ACA and 115E to align the rates of taxation in respect of LTCG and STCG proposed. Consequential amendments under section 196B & 196C are being proposed to align the withholding tax provisions.
- Applicable from 23rd July, 2024

➤ **Amendment to definition of Specified Mutual Fund u/s 50AA**

- Definition of **Specified Mutual Fund** under clause (ii) of Explanation of Section 50AA is proposed to be amended as under:

(a) a Mutual Fund by whatever name called, which invests more than sixty five per cent of its total proceeds in debt and money market instruments; or

(b) a fund which invests sixty five per cent or more of its total proceeds in units of a fund referred to in sub-clause (a)."

- **Applicable from AY 2026-27 onwards.**

➤ **Amendment to Section 47 of the Act:**

- **Background:**

Clause (iii) of Section 47 provides that nothing contained in section 45 shall apply to any transfer of a capital asset under a gift or will or an irrevocable trust. The first proviso to the said clause makes an exception to the clause in respect of specified ESOPs.

- **Proposed Amendment:**

It is proposed to substitute clause (iii) of section 47 and its proviso, to provide that nothing contained in section 45 shall apply to transfer of a capital asset, under a gift or will or an irrevocable trust, by an individual or a Hindu undivided family

- **Applicable from AY 2025-26 onwards.**

➤ **Amendment to Section 55 of the Act:**

- It is proposed to amend sub-clause (iii) of clause (a) of the Explanation to clause (ac) of sub-section (2) of section 55 of the Act, to specifically provide that:

❖ In a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer

❖ "fair market value" would mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

- **Applicable retrospectively from AY 2018-19 onwards.**

THANK YOU



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