SIRC OF ICAI · 18 APRIL 2026

Capital Gains under the New Income Tax Act

A practitioner's reading of the rewrite — what to adopt, what to watch, what to act on.



CA T G Suresh

Senior Partner, Suresh & Balaji · 9884020900 · tgs@sandbca.com

Agenda

01	Theme, Process, Highlights, Key structural / terminology changes and core principles of the new income tax Act
02	What we need to adopt in Capital Gains
03	Simple and Integrated - complexity emanating out of it
04	Controversies — Minimising Litigation
05	Planning opportunities

Theme of the
New Income Tax Act

"Concise, Lucid, Easy to Read and Understand"

Process Followed

20,976

Online Suggestions Received

~150

Officers in Committee

60,000+

Man-hours Dedicated

01	A total of 20,976 online suggestions for simplification and removal of redundancies were received, analysed, and categorised into policy-related, language simplification, and removal of redundant or obsolete provisions.
02	Suggestions were sought from taxpayers, industry and professional associations, and field-level officers of the Department.
03	Consultation was held with the Australian Tax Office, Treasury, and the UK's Office of Tax Simplification, which had undertaken a similar exercise.
04	A committee of around 150 officers of the Department was actively involved in the entire exercise.
05	More than 60,000 man-hours were dedicated by the team for finalising the new Bill.

Highlights

Key Outcomes of
the New IT Act

Readability

Plain language throughout

Consolidation

Unified chapters

50% Shorter

Reduced length

01 Improved Readability — the new Act is written in clear, accessible language.

02 Extensive use of table formats to present information more clearly and systematically.

03 Procedural aspects and specific details are provided by way of Rules, keeping the Act concise.

04 Provisions involving the same issues, which were spread across different chapters in the current Act, have now been consolidated.

05

DRAFTING APPROACH

Key Structural Changes

819

↓

586

Sections

×

Provisos & Explanations

Removed

+

Schedules & Tables

Introduced

TERMINOLOGY CHANGES



'Previous year'

→

'Tax year'



'Notwithstanding'

→

'Irrespective of'



Greater use of

Bullet Structure

CORE PRINCIPLES OF THE NEW ACT

S·I·M·P·L·E

S Streamlined Structure & Language

I Integrated and Concise

M Minimized Litigation

P Practical and Transparent

L Learn and Adapt

E Efficient Tax Reforms

KEY QUESTION

Whether there is any

Substantial Change

in the Income Tax Act, 2025?

?

FACTS & FIGURES

819 → 586

Sections reduced

5,12,000 → 2,60,000

Words reduced

47 → 23

Chapters scaled down

Explanations & Provisos

Converted to sub-sections

252 → 199

'Notwithstanding' replaced by 'Irrespective of'

What we need to adopt

In the Capital Gains chapter under the New Income Tax Act, 2025?

?

SEC 45 to 55 A → 67 TO 91

Section number changes

45 (1) to 45 (5A) → 67(1) TO 67(18)

Explanation and provision becoming sub-sections

I ii iii iv v → a b c d e Vice versa

Impact of Provisos merged with Section or becoming sub section

sec 47 (iv) proviso merged into the new Section

Scope for litigation

Does it remain or not?

CAPITAL GAINS CHAPTER — AT A GLANCE

The Whole Picture

ITA 1961

Sections 45 — 55A

Capital Gains chapter

renumbered as →

ITA 2025

Sections 67 — 91

Capital Gains chapter

ONE SECTION TO WATCH

Section 45 → Section 67

The charging section, re-architected

9

Live sub-sections

45(1) — 45(5A)

expands into →

18

sub-sections

67(1) — 67(18)

Four Zones, One Chapter

Read the chapter as four functional families, not as 25 individual sections.

ZONE 1 · CHARGING & DEEMED TRANSFERS

Sections 45 — 47A → 67 — 71

What is taxed, when it is taxed, and which transactions are kept outside the charge.

Familiar anchors: 45 → 67 (charging), 47 → 70 (transactions not regarded as transfer)

ZONE 2 · COMPUTATION MACHINERY

Sections 48 — 50D → 72 — 80

How the gain is computed — cost, indexation, FMV deeming, depreciable assets, slump sale.

Familiar anchors: 48 → 72 (mode of computation), 50 → 74 (depreciable assets), 50C → 78 (stamp value)

ZONE 3 · ROLL-OVER EXEMPTIONS

Sections 54 — 54H → 82 — 89

The reinvestment-based exemptions — the practitioner's daily companions.

Familiar anchors: 54 → 82 (residential house), 54EC → 85 (bonds), 54F → 86

ZONE 4 · COST RULES & REFERENCES

Sections 51, 55, 55A → 81, 90, 91

The supporting machinery — forfeited advances, cost definitions, valuation references.

Familiar anchors: 55 → 90 (cost of acquisition / improvement), 55A → 91 (reference to Valuation Officer)

ANATOMY OF A RE-ARCHITECTED PROVISION

Section 45(1A) becomes Section 67(2), 67(3) & 67(4)

ITA 1961 — one dense paragraph

Section 45(1A)

Notwithstanding anything contained in sub-section (1), where any person receives at any time during any previous year any money or other assets under an insurance from an insurer on account of damage to, or destruction of, any capital asset, as a result of — (i) flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature; (ii) riot or civil disturbance; (iii) accidental fire or explosion; (iv) action by an enemy or action taken in combating an enemy (whether with or without a declaration of war), then, any profits or gains arising from receipt of such money or other assets shall be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of the previous year in which such money or other asset was received, and for the purposes of section 48, value of any money or the fair market value of other assets on the date of such receipt shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of such capital asset.

+ Explanation: defines the meaning of "insurer".

ITA 2025 — three single-purpose sub-sections

Section 67(2) *the charging rule*

Irrespective of anything contained in sub-section (1), if a person receives during any tax year any money or other assets under an insurance from an insurer on account of damage to, or destruction of, any capital asset, as a result of circumstances mentioned in sub-section (3), then—(a) any profits or gains arising from receipt of such money or other assets shall be chargeable to

Section 67(3) *the triggering circumstances*

The list of perils — flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature; riot or civil disturbance; accidental fire or explosion; enemy action — lifted out into its own sub-section.

Section 67(4) *the definition*

The meaning of "insurer" — promoted from Explanation in the 1961 Act into a proper sub-section in the 2025 Act.

THE GRAMMAR OF THE 2025 ACT: *one idea, one sub-section. Charging rule, circumstances, and definitions each get their own home.*

Charging Section 45 V 67

Income-tax Act, 1961 – Section 45(1)	Income-tax Act, 2025 – Section 67(1)
45. (1) Any profits or gains arising from the transfer of a capital asset effected in the previous year shall, save as otherwise provided in sections 54, 54B, 54D, 54E, 54EA, 54EB, 54F, 54G and 54H, be chargeable to income-tax under the head "Capital gains", and shall be deemed to be the income of the previous year in which the transfer took place.	67. (1) Any profits or gains arising from the transfer of a capital asset effected in a tax year shall, save as otherwise provided in sections 82, 83, 84, 86, 87, 88 and 89, be chargeable to income-tax under the head Capital gains and shall be deemed to be the income of the tax year in which the transfer took place.

Key Changes — Drafting Anomaly Fixed

01

Drafting Anomaly Rectified

The 2025 Act rectifies a long-standing drafting anomaly present in the 1961 Act, ensuring the charging provision operates as originally intended.

02

Sections Outside Scope (1961 Act)

Under the 1961 Act, exemptions under Section 54EC (investment of LTCG from land/building into specified bonds) and Section 54GA (capital gains on shifting an industrial undertaking to an SEZ) operated outside the scope of Section 45(1) — an unintended consequence of legislative drafting.

03

Correction in 2025 Act

The 2025 Act corrects this by expressly bringing Section 85 and Section 88 (corresponding to Sections 54EC and 54GA) within the ambit of Section 67(1), the new charging provision for capital gains.

A SMALL CHANGE TO GET USED TO — CLAUSE LABELS

From (i) (ii) (iii) (iv) to (a) (b) (c) (d)

Same provision, same content — only the labelling style has changed. Section 48 (1961) becomes Section 72 (2025).

Section 48 *ITA 1961*

Mode of computation.

The income chargeable under the head "Capital gains" shall be computed, by deducting from the full value of the consideration received or accruing as a result of the transfer of the capital asset the following amounts, namely:—

(i) expenditure incurred wholly and exclusively in connection with such transfer;

(ii) the cost of acquisition of the asset and the cost of any improvement thereto.

Section 72(1) *ITA 2025*

Mode of computation.

Income chargeable under the head "Capital gains" shall be computed, by deducting from the full value of the consideration received or accruing as a result of the transfer of the capital asset, the following amounts:—

(a) expenditure incurred wholly and exclusively in connection with such transfer; and

(b) the cost of acquisition of the asset and the cost of any improvement thereto.

(i) *becomes* **(a)** — transfer expenditure

(ii) *becomes* **(b)** — cost of acquisition + improvement

WHAT TO ADJUST: *same content, new labels.* Update your citation habits — not your understanding.

A DRAFTING INCONSISTENCY TO WATCH FOR

Section 74: "start" or "beginning" of the tax year?

The 1961 Act used one consistent phrase. The 2025 Act, within the same section, uses two.

ITA 1961 — Section 50 *one consistent phrase*

50(1): *...the written down value of the block of assets at the **beginning of the previous year**...*

50(2): *...the cost of acquisition of the block of assets shall be the written down value of the block of assets at the **beginning of the previous year**...*

✓ *Same phrase in both sub-sections. Internally consistent.*

ITA 2025 — Section 74 *two different phrases*

74(2)(b): *...the written down value of the block of assets at the **start of the tax year**...*

74(3)(a): *...the cost of acquisition of the block of assets shall be the written down value of the block of assets at the **beginning of the tax year**...*

? *Two different words for the same conceptual moment in time.*

WHAT TO DO ABOUT IT: Treat divergent words within the same section as a flag, not a footnote. *Either the difference is deliberate — in which case it matters — or it will be corrected by amendment. Note it in your opinions; watch for clarifications.*

Sec 78 — Corresponding to Sec 50C

(1) If the consideration received or accruing from the transfer of a capital asset, being land or building or both, is less than the stamp duty value, then, for the purposes of section 72, the stamp duty value shall be deemed to be the full value of the consideration received or accruing as a result of such transfer.

However, if the stamp duty value does not exceed 110% of the consideration received or accruing from such transfer, such consideration shall be deemed to be the full value of the consideration for section 72.

(2) Without prejudice to the provisions of sub-section (1), the Assessing Officer may refer the valuation of the capital asset to a Valuation Officer, where—
(a) the assessee claims that the stamp duty value exceeds the fair market value of the property as on the date of transfer; and
(b) the stamp duty value has not been disputed in any appeal or revision or no reference has been made before any other authority, court or the High Court.

(3) If the value determined by the Valuation Officer on a reference made under sub-section (2) exceeds the stamp duty value, such stamp duty value shall be taken as the full value of consideration.

Example — Stamp Duty Valuation Scenarios

	SITUATION 1	SITUATION 2	SITUATION 3	SITUATION 4
Actual consideration	100	100	100	100
SDV	120	120	110	90
Value by DVO	125	110	105	105

Note: SDV = Stamp Duty Value | DVO = District Valuation Officer | AC = Actual Consideration | FVC = Full Value of Consideration

Section 47(iv) becomes Section 70(1)(c)

The exemption for parent-to-subsidiary transfers has been re-knit. What looks like tidying-up carries four substantive consequences.

Section 47(iv) *ITA 1961*

Any transfer of a capital asset by a company to its subsidiary company, if — (a) the parent company holds the whole of the share capital, and (b) the subsidiary is an Indian company.

Provided that nothing contained in clause (iv) shall apply to the transfer of a capital asset made after the 29th day of February, 1988, as stock-in-trade.

⇉

Section 70(1)(c) *ITA 2025*

Transfer of a capital asset, **not being stock-in-trade**, by a company to its subsidiary company, if — (i) the parent holds the whole of the share capital; and (ii) the subsidiary is an Indian company.

4. LEGISLATIVE HISTORY

The 1988 signal is lost.

The proviso's date told a story — Parliament added the carve-out for a reason in 1988. The new text retains the rule but erases the historical context.

READ EVERY MERGED PROVISO TWICE

PART II — THE LAW INSIDE THE NEW ARCHITECTURE

Surviving Controversies

Questions the rewrite does not put to rest.

Renumbering does not erase precedent. Where the new Act preserves the structural feature on which a judicial principle rested, the principle survives — and so do the controversies it resolved, and the controversies it left open.

Sec 50 V 74 — Depreciable Assets (Part 1)

Income-tax Act, 1961

Section 50 —

Notwithstanding anything contained in clause (42A) of section 2, where the capital asset is an asset forming part of a block of assets in respect of which depreciation has been allowed under this Act or under the Indian Income-tax Act, 1922 (11 of 1922), the provisions of sections 48 and 49 shall be subject to the following modifications:

Section 50(1) — Excess Consideration

Where the full value of the consideration received or accruing as a result of the transfer of the asset together with the full value of such consideration received or accruing as a result of the transfer of any other capital asset falling within the block of assets during the previous year, exceeds the aggregate of the following amounts, namely:—
(i) expenditure incurred wholly and exclusively in connection with such transfer or transfers;
(ii) the written down value of the block of assets at the beginning of the previous year; and
(iii) the actual cost of any asset falling within the block of assets acquired during the previous year,
such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets;

Income-tax Act, 2025

Section 74(1) — Preamble

Irrespective of anything contained in section 2(101), for a capital asset forming part of a block of assets on which depreciation has been allowed under the Indian Income-tax Act, 1922 or under the Income-tax Act, 1961 or under this Act, the provisions of sections 72 and 73 shall be subject to the provisions of sub-sections (2) and (3).

Section 74(2) — Excess Consideration

If, during the tax year, the full value of consideration received or accruing for the transfer of one or more assets in a block of assets exceeds the total of the following:—
(a) expenditure incurred wholly and exclusively in connection with such transfer;
(b) the written down value of the block of assets at the start of the tax year; and
(c) the actual cost of any asset falling within the block of assets acquired during the tax year,
such excess shall be deemed to be capital gains arising from the transfer of short-term capital assets.

Sec 50 V 74 — Depreciable Assets

Income-tax Act, 1961

Section 50(2) — Block Ceases to Exist

Where any block of assets ceases to exist as such, for the reason that all the assets in that block are transferred during the previous year, the cost of acquisition of the block of assets shall be the written down value of the block of assets at the beginning of the previous year, as increased by the actual cost of any asset falling within that block of assets, acquired by the assessee during the previous year and the income received or accruing as a result of such transfer or transfers shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

Income-tax Act, 2025

Section 74(3) — Block Ceases to Exist

If any block of assets ceases to exist for the reason that all the assets in that block are transferred during the tax year, then,—

(a) the cost of acquisition of the block of assets shall be the written down value of the block of assets at the beginning of the tax year, as increased by the actual cost of any asset falling within that block of assets, acquired by the assessee during the tax year; and

(b) the income received or accruing as a result of such transfer or transfers shall be deemed to be capital gains arising from the transfer of short term capital assets.

Depreciable Assets and the Long-Term Exemption

THE CONTROVERSY

Section 50 deems gain on a depreciable asset as short-term.

Question: does that deeming also strip the asset of its long-term character for the purpose of exemption sections (e.g., 54F) when held for over 24 months? The Department said yes. Assessees said no.

THE RESOLUTION

CIT v. V. S. Dempo Co. Ltd (2016) 387 ITR 354 (SC)

The Supreme Court held that section 50 is a computation provision only. It does not alter the underlying character of the asset. A long-held depreciable asset remains a long-term capital asset for purposes outside section 50.

WHY THE PRINCIPLE SURVIVES

Section 74 (2025) preserves the same structural role.

The new section, like the old, is a computation provision — it modifies how the gain is computed; it does not redefine what the asset is. The structural foundation on which Dempo rested is intact, and so the ratio survives the rewrite.

FOR THE PRACTITIONER

Continue to claim long-term exemptions on long-held depreciable assets.

The Dempo principle remains good law under the 2025 Act. Cite the case in opinions; expect departmental resistance to continue; expect the issue to keep generating litigation under the new section numbers.

THE READING METHOD: where the new Act preserves the structural feature on which a precedent rested, ***the precedent survives.***

CGAS Deposit: section 263 or section 263(1) ?

The 2025 Act preserves the very textual asymmetry that has driven decades of litigation under the 1961 Act. New section numbers, same fight.

Section 82(2) *ITA 2025 — the bare text, with the two cross-references highlighted*

*(2) If the capital gains... is not used by the assessee to purchase the new asset within one year before the date of transfer of the original asset, or is not utilised for the purchase or construction of the new asset before filing the return of income under **section 263**, then — **(a)** the unutilised amount shall be deposited in a specified bank or institution and utilised as per the scheme notified by the Central Government; **(b)** such deposit shall be made before the filing of the return and not later than the due date applicable in the case of the assessee for filing the return of income under **section 263(1)**.*

INVESTMENT DEADLINE

Section 263 *(bare reference)*

The investment may be made by the date of filing the return — and "section 263" arguably includes the belated return under 263(4). Longer window.

DEPOSIT DEADLINE (CGAS)

Section 263(1) *(specific sub-section)*

The CGAS deposit must be made by the original due date under 263(1). No belated extension on the face of the text. Shorter window.

THE LIVING CONTROVERSY: Department reads 263 narrowly — original due date for both. *Assessees read 263 to include 263(4), preserving the exemption where investment is made by the belated-return date (Jagriti Aggarwal line of cases).*

THE READING METHOD: where the new Act preserves the structural feature on which a precedent rested, ***the precedent — and the controversy — survives.***

Stamp Duty Deeming and the 54F Exemption: *Does the Deeming Travel?*

When stamp duty value exceeds actual sale price, two definitions of "consideration" sit side by side. The 2025 Act preserves the exact textual setup that has divided benches for years.

THE FACT PATTERN

Assessee transfers a long-term immovable asset.

Actual sale consideration: **₹ 1.0 crore**

Stamp duty value (s. 78 / old 50C): **₹ 1.4 crore**

Reinvestment in residential house: **₹ 1.0 crore**

THE DIVIDING QUESTION

For computing the 54F / 86 exemption, which figure is the "net consideration"?

Department's view: *the deemed value — ₹ 1.4 cr. Reinvestment of ₹ 1.0 cr gives only partial exemption.*

Assessee's view: *the actual consideration — ₹ 1.0 cr. Full reinvestment gives full exemption.*

WHY THE 2025 ACT DOES NOT SETTLE IT

The deeming is local.

Section 78 (new 50C) deems stamp duty value as full consideration for capital gains computation only. It does not, on its face, travel to the exemption sections.

The phrase is preserved.

Section 86(10) defines "net consideration" word-for-word as the old 54F Explanation did: full value received or accruing, less transfer expenditure. Same language, same interpretation.

No new clarification.

The 2025 Act adds no provision linking section 78 deeming to section 86 exemption. The legislature has had its chance to settle the question — and has not.

THE LIVING CONTROVERSY: . *The question remains open under the 2025 Act.*

THE READING METHOD: where the new Act preserves the structural feature on which a precedent rested, ***the precedent — and the controversy — survives.***

Indexation — Sec 48 & 112(1) vs Sec 72(2) & 197(B)(3)

Income-tax Act, 1961

Section 48 — Second Proviso

"Provided further that where long-term capital gain arises from the transfer (which takes place before the 23rd day of July, 2024) of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso, the provisions of clause (ii) shall have effect as if for the words 'cost of acquisition' and 'cost of any improvement', the words 'indexed cost of acquisition' and 'indexed cost of any improvement' had respectively been substituted."

Section 112(1) — Second Proviso

"Provided further that in the case of transfer of a long-term capital asset, being land or building or both, which is acquired before the 23rd day of July, 2024, where the income-tax computed under item (B) exceeds the income-tax computed in accordance with the provisions of this Act, as they stood immediately before their amendment by the Finance (No. 2) Act, 2024, such excess shall be ignored."

Income-tax Act, 2025

Section 72(2)

"For the purposes of item B of the formula in section 197(3), the provisions of sub-section (1) shall have effect as if for the words 'cost of acquisition' and 'cost of any improvement', the words 'indexed cost of acquisition' and 'indexed cost of any improvement' had respectively been substituted."

Section 197(B)(3)

In the case of an individual or a Hindu undivided family, being a resident, in the case of transfer of a long-term capital asset, being land or building, or both, which was acquired before the 23rd July, 2024, the excess income-tax computed as per the following formula shall be ignored.

E = A – B
E = excess tax to be ignored
A = Income tax calculated at 12.5%
B = income-tax computed under sub-section (1)(b) taking the rate as 20% and the capital gains computed by taking the cost of acquisition as "indexed cost of acquisition" and cost of improvement as "indexed cost of improvement"

Indexation — Definitions of Indexed Cost

Income-tax Act, 1961	Income-tax Act, 2025
Explanation (iii) — Indexed Cost of Acquisition "indexed cost of acquisition" means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the year in which the asset is transferred 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 1st day of April, 2001, whichever is later.	**Section 72(2)(b) — Indexed Cost of Acquisition** "indexed cost of acquisition" means an amount which bears to the cost of acquisition, the same proportion as Cost Inflation Index for the year in which the asset is transferred 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 1st April, 2001, whichever is later."
Explanation (iv) — Indexed Cost of Any Improvement "indexed cost of any improvement" means an amount which bears to the cost of improvement the same proportion as Cost Inflation Index for the year in which the asset is transferred bears to the Cost Inflation Index for the year in which the improvement to the asset took place.	**Section 72(2)(c) — Indexed Cost of Any Improvement** "indexed cost of any improvement" means an amount which bears to the cost of improvement, the same proportion as Cost Inflation Index for the year in which the asset is transferred bears to the Cost Inflation Index for the year in which the improvement to the asset took place."

Inherited Property Indexation: *Whose Holding Period?*

The 2025 Act preserves the indexation phrase that has divided benches for two decades — and concentrates its application into the highest-stakes cases.

THE FACT PATTERN

Resident individual sells inherited family land.

Father acquired the land in: **1985**

Assessee inherited the land in: **2015**

Sale by assessee in: **2026**

THE DIVIDING QUESTION

Indexation runs from which year — 1985 or 2015?

Department's view: *from 2015 — "held by the assessee" means held by THIS assessee. Smaller indexed cost. Higher tax.*

Assessee's view: *from 1985 — the previous owner's holding period is deemed to be the assessee's. Larger indexed cost. Lower tax.*

WHY THE 2025 ACT DOES NOT SETTLE IT

The phrase is preserved.

Section 72(2)(b) carries forward "held by the assessee" word-for-word from the old Explanation (iii). The textual ambiguity is intact.

The cost-step-up survives.

Old s.49 → new s.73: inherited cost is the previous owner's cost. The structural foundation of Manjula Shah remains.

Indexation is now narrower.

Available only for the grandfathering window (resident HUF / individual, land or building, pre-23 July 2024). The cases that remain are precisely the inherited-property cases where the question matters most.

THE LIVING CONTROVERSY: Bombay HC in *CIT v. Manjula J. Shah 355 ITR 474* and Delhi HC in *Arun Shungloo Trust 348 ITR 88* sided with the assessee — but the Department continues to litigate,

THE READING METHOD: where the new Act preserves the structural feature on which a precedent rested, ***the precedent — and the controversy — survives.***

PART III — FROM ANALYSIS TO ACTION

Planning Opportunities

Where the new Act opens doors that did not exist before.

Every legislative shift creates pockets of advantage for those quick enough to read it. What follows is one such opening — created by the Finance Act, 2025.

Section 46A (ITA 1961) v. Section 69 (ITA 2025)

Capital gains on purchase by company of its own shares or other specified securities

ITA 1961	ITA 2025
Section 46A	**Section 69(1)**
Proviso to Section 46A	**Section 69(2)**
Explanation to Section 46A	**Section 69(3)**

Buy Back of Shares

EXISTING

- Consideration received on buy back taxable as **"Dividend"** under IFOS
- Cost of acquisition of shares treated as **Capital Loss** — available for setoff (FVOC = Nil)

AMDENDED

- Consideration received on buy-back shall be chargeable to tax under the head **"Capital Gains"** instead of being treated as dividend income.

Buy Back of Shares

Additional tax payable by the promoter (over and above the normal tax payable and surcharge at 12 % irrespective of the amount)

	Promoter is a Domestic Company	Promoter is other than a Domestic Company
STCG on which STT is paid	2 %	10 %
LTCG	9.5 %	17.5 %

Case Study: *Bajaj Consumer Care* — September 2025

18 days. 9.45% net return. Annualised — 191%. Here is how it worked.

THE BUY-BACK

Record date	**5 September 2025**
Closing date	**23 September 2025**
Acceptance ratio	**5 shares for every 63 held**
Market price on Sep 5	**₹ 233**
Market price on Sep 23	**₹ 258**
Buy-back price	**₹ 290**

*Buy-back is at a premium of **~12.4%** over Sep-23 market price.*

THE TRADE — buy 63, tender 5, sell 58

	Qty	Price	Amount (₹)
Purchase (Sep 5)	63	233	14,679
Tender in buy-back	5	290	1,450
Sell in market (Sep 23)	58	258	14,964
Total realised	**63**		**16,414**

Less: Original cost (63 × 233)	(14,679)
Pre-tax profit	**1,735**
Less: Tax (~ 20%)	(347)
Net profit	**1,388**

ROI: 9.45% in 18 days · **Annualised: ~191%**

THE WIDER PRINCIPLE: every regime change creates a brief window where prices and rules are misaligned. ***Read the law early. Act faster than the market reprices. CMP as on 17th April 2026 469.95***

WITH GRATITUDE

Dedicated to

MY PARENTS

Aanju & Venki

OUR BELOVED PAST PRESIDENT

CA T N Manoharan — *who gave me the name TGS*

— Thank you —