

## Tax on long-term capital gains.

**112.** (1) 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”, the tax payable by the assessee on the total income shall be the aggregate of,—

- (a) in the case of an individual or a Hindu undivided family, being a resident,—
- (i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income ; and
  - (ii) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent :

**Provided** that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of twenty per cent ;

- (b) in the case of a domestic company,—
- (i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income ; and
  - (ii) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent :
- [\*\*\*]

- (c) in the case of a non-resident (not being a company) or a foreign company,—
- (i) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income ; and
  - (ii) the amount of income tax calculated on long term capital gains [except where such gains arises from transfer of capital assets referred to in sub-clause (iii) ] at the rate of twenty per cent; and
  - (iii) The amount of income tax on long term capital gains arising from transfer of capital asset being unlisted securities, calculated at the rate of ten per cent on the capital gains in respect of such assets as computed without giving effect to the first and second proviso to section 48.<sup>1</sup>

- (d) in any other case of a resident,—
- (i) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income ; and

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<sup>1</sup> Substituted with effect from 1<sup>st</sup> day of April, 2013

- (ii) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.

*Explanation.*— [\*\*\*]

**Provided** that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities or unit or zero coupon bond, exceeds ten per cent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.

*Explanation.*—For the purposes of this sub-section,—

(a) The expression “securities” shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulations) Act, 1956

(aa) “listed securities” means securities which are listed on any recognised stock exchange in India;

(ab) “Unlisted securities” means securities other than listed securities

(b) “unit” shall have the meaning assigned to it in clause (b) of *Explanation* to section 115AB.<sup>2</sup>

(2) Where the gross total income of an assessee includes any income arising from the transfer of a long-term capital asset, the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

(3) Where the total income of an assessee includes any income arising from the transfer of a long-term capital asset, the total income shall be reduced by the amount of such income and the rebate under section 88 shall be allowed from the income-tax on the total income as so reduced

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<sup>2</sup> Substituted with effect from 1<sup>st</sup> day of April, 2013