

Class - B.Com Part III
 Subject - Income Tax
 Topic - Calculations of Capital Gain Tax
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Dear students, today I want to state the procedure to calculate tax on Capital Gains. These are the steps:-

① How to calculate short term Capital Gains.

Step I - Start with the full value of consideration.

Step II - Deduct the followings:-

- Expenditure incurred wholly and exclusively in connection with such transfer.
- Cost of acquisition
- Cost of improvement.

Step III - This amount is a short term Capital Gain.

② How to calculate long term Capital Gains.

Step I - Start with full value of consideration

Step II - Deduct the followings:-

- Expenditure incurred wholly and exclusively in connection with such transfer
- Indexed cost of acquisition
- Indexed cost of improvement

Step III - From this resulting number, deduct exemptions provided under sec 54, 54EC, 54F, 54B.

Tax on Capital Gains

Tax Type	Condition	Tax Rate applicable
1. Long term	Except on select equity shares/units or equity oriented fund.	20%
2. Long term	on sale of equity shares/units of equity oriented fund.	10% over above Rs 1 lakh
3. Short term	when security transaction tax is not applicable	added in income
4. Short term	wherever security transaction tax is applicable	15%