

TAXABILITY OF LISTED EQUITY SHARES

(As Proposed in Finance Bill, 2018)

From: CA Pratik R Mehta

Let's understand the taxability of listed equity shares with a flow chart (assuming STT has been paid on purchase & sale of shares in a recognised stock exchange)

COA = Cost of Acquisition

FMV = Fair Market Value (Highest price on 31st Jan, 2018, otherwise immediately preceding date traded price)

LTCG = Long term capital Gain

STCG = Short term capital Gain

LES = Listed Equity Shares

Whether Sale of LES after 1 year from the date of acquisition **NO** → **STCG @15%**

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YES

Whether sale of LES have been made after 31st March, 2018 **NO** → **NO TAX ON LTCG**

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YES

Let's Calculate COA

Whether LES acquired on or before 31st Jan, 2018 **NO** → **Actual Purchase Price paid will be COA**

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YES

Whether Actual purchase price is less than FMV on 31st Jan, 2018 **NO** → **Actual Purchase Price paid will be COA**

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YES

Whether Actual Sales Price is less than FMV on 31st Jan, 2018 **NO** → **FMV on 31st Jan, 2018 will be COA**

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YES

Then COA will be Actual Sales price or Actual Purchase price whichever is higher.

Long term Capital gain will be Actual Sales price Less (-) Cost of acquisition as per above flow chart. Tax @10% in excess of Rs.1 Lakh in addition to Security Transaction Tax (STT) will be charge on LTCG. However all accrued gains till 31st January, 2018 are exempt practically as per above flow chart.