

## **Tax on short-term capital gains in certain cases.**

**111A.** (1) Where the total income of an assessee includes any income chargeable under the head "Capital gains", arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund [*or a unit of a business trust*] and—

(a) the transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force; and

(b) such transaction is chargeable to securities transaction tax under that Chapter,

the tax payable by the assessee on the total income shall be the aggregate of—

(i) the amount of income-tax calculated on such short-term capital gains at the rate of [fifteen] per cent; and

(ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee:

**Provided** that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-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 short-term capital gains shall be computed at the rate of [fifteen] per cent.

**The following second proviso shall be inserted after the existing proviso to sub-section (1) of section 111A by the Finance (No. 2) Act, 2014, w.e.f. 1-4-2015 :**

<sup>1</sup>[**Provided further** that the provisions of this sub-section shall not apply in respect of any income arising from transfer of units of a business trust which were acquired by the assessee in consideration of a transfer as referred to in clause (xvii) of section 47.]

(2) Where the gross total income of an assessee includes any short-term capital gains referred to in sub-section (1), the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

(3) Where the total income of an assessee includes any short-term capital gains referred to in sub-section (1), the rebate under section 88 shall be allowed from the income-tax on the total income as reduced by such capital gains.

*Explanation.*—For the purposes of this section, the expression "equity oriented fund" shall have the meaning assigned to it in the *Explanation* to clause (38) of section 10.]

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<sup>1</sup> Omitted with effect from April 1, 2016