

- 5) Capital Asset transfer by Amalgamating company to Amalgamated company in the scheme of amalgamation and Amalgamated company is an Indian company.
- 6) Shareholder transfer share of amalgamating company and received share of amalgamated company is not treated as transfer.
- 7) Capital Asset transferred by demerged company to resulting company and Resulting company is an Indian company.
- 8) Conversion of Bonds / debentures / deposit certificate into shares or debentures of that company.
- 9) Conversion of preference shares into equity share of that company.

Mr BB purchased 1000 PS of Adani Ltd on 16/7/2012 @ 100 each. During the FY 22-23, preference shares converted into equity shares and he has received 1700 eq. share FV of 10. On 19th Dec 2025 he sold all the equity shares @ 200 each. Discuss Tax treatment.

- a) Conversion of Preference share into equity share is not treated as transfer so in FY 22-23 Capital gain is not applicable.

b) Computation of capital gain on sale of Equity share PY 25-26 AY 26-27

Particulars	Amt
FVOC (1700 x 200)	340000
(-) COA (Pref share) (1000 x 100)	(100000)
LTCG	240000

10) Redemption of sovereign Gold Bond (SGB) issued by RBI in case of individual.

11) Transfer of capital Asset under Reverse Mortgage scheme of senior citizen.

Note: Any money received by senior citizen under Reverse Mortgage scheme is fully exempt u/s 10(43)

12) Conversion of gold into Electronic Gold Receipt (EGR) or conversion of EGR into gold is not treated as transfer and capital gain is not applicable at the time of conversion.

Eg: Mr Ganesh purchase 10gm Gold for ₹ 9000 in PY 12-13 on 16/4/2024 he converted such gold into EGR. On 14/2/2026 he sold such EGR for ₹ 100,000. Discuss Tax Treatment.

a) On conversion of gold into EGR is not treated as transfer so capital gain is not applicable at the time of conversion of gold into EGR

b) Capital gain on Sale of EIR

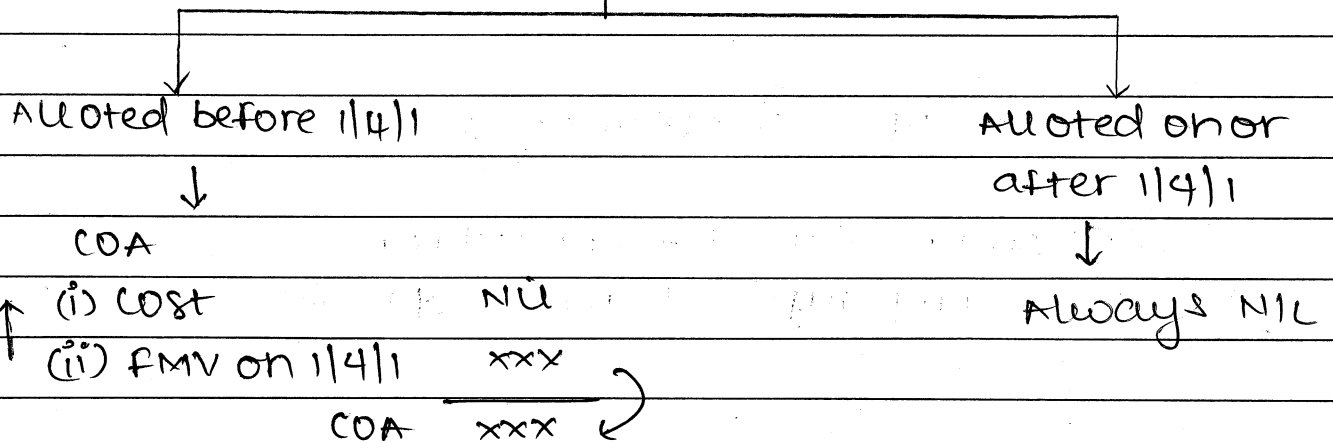
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FVOC	100000
(-) Transfer expense	—
Net consideration	100000
(-) COA (old)	(9000)
LTCG	91000

— Special case 4 —

Capital gain in case of Bonus shares and Right shares

Bonus shares



POH: from Allotment date to transfer date.

Right share

Acquired by
Shareholder

COA :- Amt paid to
company

POH :- From Allotment
date to transfer date

Renouncement of
Right

(Relinquishment of
Capital Asset)

Capital Gain

FVOC = Renouncement price

(-) COA = Nil

STCG xxx

POH :- From Offer date to
Renouncement date.

In hands of Purchase of Right

COA :- Amt paid to company + Amt paid for
Purchase of Right

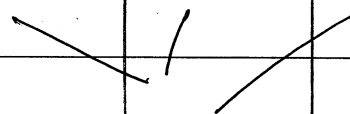
POH :- From Allotment Date of shares till date of
transfer.

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MB Usha

PY 25-26 AY 26-27

computation of capital gain

	1000 original shares [95-96]	100 Bonus [01-02]	1100 Bonus [05-06]
FVOC [SP200 per share]	200000	20000	220000
↳ Transfer expense (2% Brokerage)	(4000)	(400)	(4400)
Net consideration	196000	19600	215600
↳ COA			
a) 1000 original shares			
↑ (i) cost 30300			
↑ (ii) FMY 1/4/11 80000	(80000)		
b) 100 Bonus shares			
↑ (i) cost NIL			
↑ (ii) FMY 1/4/11 8000		(8000)	
c) 1100 Bonus shares			NIL
	116000	11600	215600
			
	LTCG = 343200		

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Mr R

PY 25-26 AY 26-27

computation of capital gain

	1000 Original shares	200 Right shares	200 Right
FVOC	300000	60000	6000
	(1000 × 300)	(200 × 300)	(200 × 30)
(-) Transfer	—	—	—
Net consideration	300000	60000	6000
(-) COA			
i) 1000 original shares	(75000)		
ii) 200 right shares (200 × 160)		(32000)	
iii) 200 Right			Nil
	225000	28000	6000
	↓	↓	↓
	LTCG	STCG	STCG

Mr Q

PY 25-26 AY 26-27

FVOC (200 × 280)	56000
(-) COA (160 + 30) : 190 × 200	(38000)
STCG	18000

— Special case 5 —

Capital gain in case of Intangible Asset.

In case of :-

- 1) Goodwill of Business / Profession or other Intangible Asset.
- 2) Trademark or Brand Name
- 3) Patent or Copyright
- 4) Right to carry on any Business or Profession
- 5) Tenancy Right, Route permit, Looms hours or any other Right

COA $\rightarrow$ Self generated $\rightarrow$ NIL

Purchase $\rightarrow$ Purchase price

Note :- 1) In case of above asset FMV as on 1/4/2001, Benefit is not available

2) In case of Goodwill of Business, patent, copyright, Right to carry on any Business or Profession or any other Intangible Asset. Cost of Improvement is always treated as NIL.

— Special case 6 —

Sec 50 CA :- Capital Gain in case of unquoted (unlisted) shares

In case of Transfer of unlisted share if sale value is less than FMV then FMV is ~~not~~ treated as full value of consideration.

Eg :- Mr BB acquired 10,000 shares of BB Virtuals Pvt Ltd @ 10 on 15/10/2017. On 10/12/2025 He transferred 5100 shares to Anupam Mittal @ 1000 per share. FMV of share is ₹ 20000 per share. Compute capital gain.

Mr BB

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Full value of consideration

102000000

(-) Transfer exp

—

102000000

(-) COA [5100 × 10]

51000

LTCG

101949000



— special case 7 —

Sec 50B :- Slump sale

It means transfer of undertaking, units, Business for lumpsum consideration without assigning value of Individual Asset and liabilities.

Computation of capital gain

FVOC^{*} :- FMV as per Rule 11 UAE

(-) Transfer exp (xxx)

Net consideration xxx

(-) COA [Net worth^{*}] xxx

↳ [No Index] ST/UTCg xxx

* Net worth

Asset

₹

Depreciable Asset WDV as per Income Tax Act

Other Assets Book value

(-) Liabilities (Book value)

Net Worth xxxxx

* FVOC : FMV as per Rule 11 UAE

↑ FMV 1 : FMV of undertaking transfer

↑ FMV 2 : FMV of consideration received

Whichever is Higher

Note :- 1) Revaluation of Asset shall be ignored.

2) Index benefit is not available in case of slump sale even if it transferred before 23/7/2024.



3) If undertaking is held for more than 3 years then LTCG otherwise STCG.

4) For Net worth calculation value of self generated Asset shall be taken as NIL

5) For calculation of Net worth value of Asset on which deduction u/s 35AD claim is taken as NIL.

6) No Profit under P&BP shall arise even if stock is transferred in slump sale.

In case of exchange of Asset FVOC is equal to FMV of Asset received in return

Note:-

Since undertaking held for more than 3 years so capital gain is long term capital gain.

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MRA

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computation of capital gain

FVOC (FMV as per Rule 110AE)	3000000
(-) Transfer expenses	(28000)
Net consideration	2972000
(-) COA [Networth] [WNI]	(1250625)
LTCG	1721375

WN1:-

Asset

₹

Building [1200000 - 300000]	900000
Machinery	300000
Debtors	100000
Other Asset [150000 - 50000]	100000
Patent (Note 2)	(28125)

1428125

(-) Liability

Bank loan (2000000 × 70%) (1400000)

Creditors (150000 × 25%) (37500)

1250625

WN2:-

Patent

Cost

(-) Depr. PY 23-24 @ 25% (125000)

WDV 1/4/24 37500

(-) Depr. PY 24-25 @ 25% (9375)

WDV 1/4/25 28125