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5) Capital Asset transfer by Amalgamating company to Amalgamated company in the scheme of amalgam--ation and Amalgated 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 transfered 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 preferance shares into equity share of that company

Mr BB purchased 1000 PS. of Adani Ltd on 16/7/2012 @ 100 each. During the PY 22-23, preferance 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 PY 22-23 Capital Gain is not applicable.

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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 Electric 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

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b) Capital gain on sale of EGR

PY 25 - 26 AY 26 - 27

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

- Special case 4 -

Capital gain in case of Bonus shares and Right shares

Bonus shares

Alloted before 1/4/1 ↓

COA

(i) Cost NIL

(ii) FMV on 1/4/1 xxx

COA xxx

Alloted on or after 1/4/1 ↓

Always NIL

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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Ms Usha PY 25-26 AY 26-27

Computation of capital gain

	1000 original shares [95-96]	100 Bonus [01-02]	1100 Bonus shares [05-06]
FVOC [SP 200 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) FMV 1/4/1 80000	(80000)		
b) 100 Bonus shares			
(i) cost NIL			
(ii) FMV 1/4/1 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 og shares	200 Right shares	200 Right
FVOC	300000	60000	6000
	(1000x300)	(200x300)	(200x30)
(-) Transfer	—	—	—
Net consideration	300000	60000	6000
(-) COA			
i) 1000 original shares	(75000)		
ii) 200 Right shares (200x160)		(32000)	
iii) 200 Right			Nil
	225000	28000	6000
	↓ LTCG	↓ STCG	↓ STCG

Mr Q PY 25-26 AY 26-27

FVOC (200x280)	56000
(-) COA (160+30) : 190x200	(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 carryon any Business or Profession

5) Tenancy Right, Route permit, Looms hours or any other Right

COA → Self Generated → NIL

COA → Purchase → 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 carryon 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 ~~cot~~ 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 transfered ~~50~~ 5100 shares to Anupam Mittal @ 1000 per share. FMV of share is ₹ 20000 per share. Compute capital gain.

Mr BB — PY 25-26 AY 26-27

Full value of consideration		102000000
(-) Transfer exp		–
		102000000
(-) COA [5100 x10]		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 11UAE	
(–) Transfer exp	(xxx)
Net consideration	xxx
(–) COA [Net worth*]	xxx
↳ [No Index] ST/LTCG	xxx

* Net worth

Asset	₹
Depreciable Asset	WDV as per Income Tax Act
Other Assets	Book value
(–) Liabilities	(Book value)
Net worth	xxxx

* 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 transfered before 23/7/2024.

3) If undertaking is held for more then 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 PGBP shall arise even if stock is transfered in slumps 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 PY 25-26 AY 26-27

Computation of capital gain

FVOC (FMV as per Rule 11UAE)	3000000
(-) Transfer expenses	(28000)
Net consideration	2972000
(-) COA [Networth] [WN1]	(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 (200000 × 70%)	(140000)
Creditors (150000 × 25%)	(37500)
	1250625

WN2:-

Patent	₹
Cost	50000
(-) Depr. PY 23-24 @ 25%	(125000)
WDV 1/4/24	37500
(-) Depr. PY 24-25 @ 25%	(9375)
WDV 1/4/25	28125