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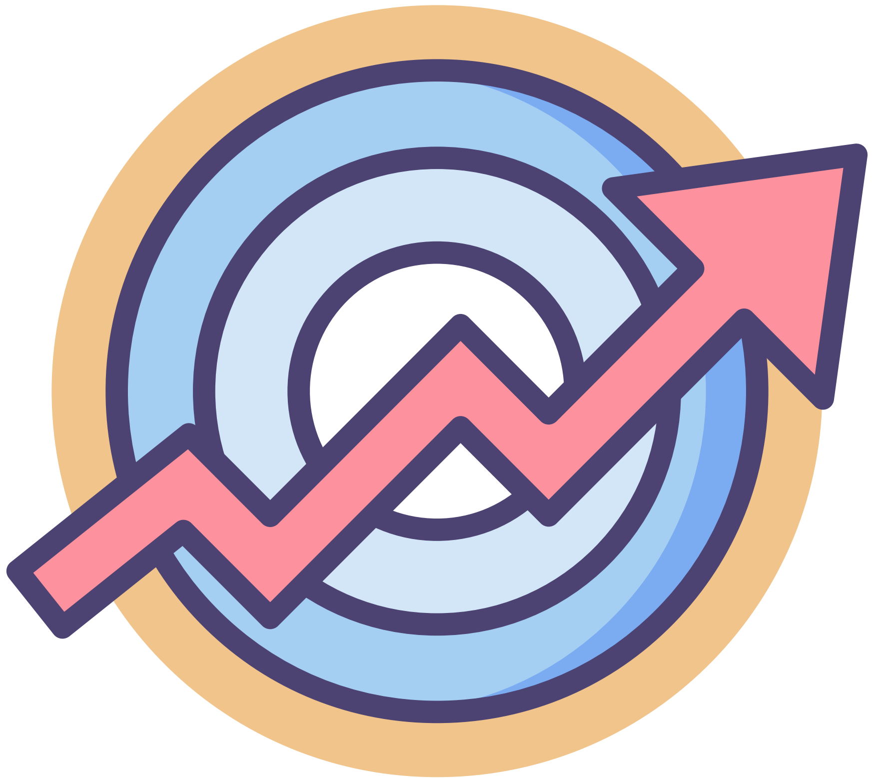
SHORT-TERM CAPITAL GAINS

WHAT'S THAT?



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Short-term capital gains arise when an asset, such as stocks, bonds, or real estate, is sold within a short period—specifically within 12 months from the date of acquisition. These gains are calculated by subtracting the purchase price (cost of acquisition) from the selling price.

TAXATIONS

1. **Income Classification:** Short-term capital gains are treated as ordinary income but are often subject to a specific tax rate.
2. **Tax Rate:** For equities and equity-oriented mutual funds, the short-term capital gains tax rate is typically 15%. For other assets, gains are taxed as per the individual's income tax slab rate.
3. **STT Applicability:** The 15% rate applies to gains from transactions on which Securities Transaction Tax (STT) has been paid.

KEY CONSIDERATIONS

- **Transaction Costs:** Brokerage fees and related expenses are deductible.
- **Documentation:** Maintain records of all transactions and expenses.
- **Filing Requirements:** Report gains under 'Capital Gains' in your tax return.
- **Strategic Planning:** Time asset sales to manage tax liabilities and offset gains with losses.

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