

Capital gain on Buyback - Proviso Section 46A

As per section 46A of the Income Tax Act, 1961, special provision are applicable for computation of Capital Gains on purchase by company of its own shares or other specified securities.

Particulars	Amount (Rs.)
Value of Consideration received	XXX
Less: Cost of Acquisition of its own shares (Rule 40BB)	XXX
Deemed Capital Gains	XXX

From 1st October 2024; where any shareholders receives any consideration of the nature referred to in 2(22)(f) from any company, in respect of Buy-back of shares, then for the purpose of this section, the value of consideration received by the shareholders shall be deemed to be Nil.

Particulars	Amount (Rs.)
Value of Consideration received	Nil
Less: Cost of Acquisition of its own shares (Rule 40BB)	XXX
Deemed Capital gains/Capital Loss	(XXX)

Case Study 2:

Mr. Suresh bought 100 shares of Reliance Industries Ltd in January 2020 (RELIANCE) at Rs. 4,000/- per share. During October 2024, Reliance Industries Ltd bought back 20 shares at Rs. 6,000/- per share. Further, during April 2025, sold 50 shares at Rs. 7,000/- per share.

Compute:

a) Long Term Capital Loss for AY 2025-26.

Particulars	Amount (Rs.)
Sale consideration as per section 46A	Nil
Less: Cost of Acquisition	80,000
Deemed Capital gains/Capital Loss	(80,000)