

How Your Investments Are Taxed.

The Guide That Changes What You Keep.

Capital gains tax is not just a filing obligation. It is the difference between good returns and great ones. Every investor deserves to understand it completely.

— OPULENCE WEALTH · INVESTOR INTELLIGENCE SERIES

KEY RATE — EQUITY LTCG

12.5%

After 12 months
Above ₹1.25 lakh gains

FREE EVERY YEAR

₹1.25L

Equity LTCG exempt
No tax on first ₹1.25 lakh

EQUITY STCG RATE

20%

Under 12 months
Post Budget 2024

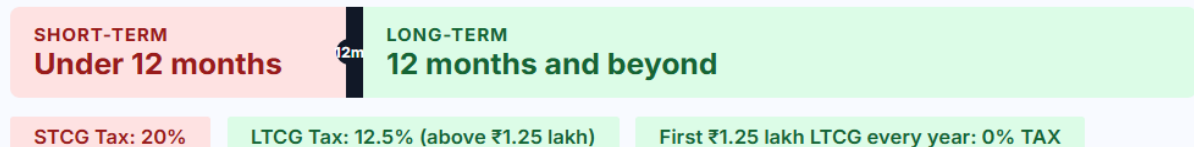
Every year, thousands of investors pay more tax on their investments than they need to. Not because they did anything wrong. But because nobody sat down and explained the rules clearly. This is that explanation and once you read it, you will never look at your portfolio the same way again.

"I redeemed my mutual fund after 10 months because I needed the money urgently," said one of our clients. "My financial expert told me afterwards that if I had waited just 8 more weeks, I would have crossed 12 months and saved 7.5% in tax on my gains. That was nearly ₹40,000. Just 8 weeks."

That story is not unusual. The difference between Short-Term Capital Gains (STCG) and Long-Term Capital Gains (LTCG) is measured in months. But the tax impact is measured in lakhs. And for investors who have worked hard to build returns, understanding exactly where these thresholds fall is not optional it is essential.

1. The one rule that changes everything: time. Capital gains tax in India is structured around one single principle: the longer you hold, the less you pay. This is the government's way of rewarding patient investors and punishing short-term trading. Here is how the holding period clock works for your investments:

HOLDING PERIOD — SHORT-TERM VS LONG-TERM (EQUITY MUTUAL FUNDS)



2. Your complete capital gains tax reference Different investments, different holding thresholds, different rates. This is the complete picture updated for FY 2025–26 after Budget 2024 changes.

INVESTMENT TYPE	STCG RATE	HOLDING FOR LTCG	LTCG RATE	FREE EXEMPTION
Equity Mutual Funds Stocks, equity funds, ELSS	20%	12 months	12.5%	₹1.25 lakh/yr
Debt Mutual Funds Bought after Apr 2023	Slab rate	No LTCG benefit	Slab rate	None
Gold ETF / Gold Funds Gold savings funds	Slab rate	24 months	12.5%	None
Real Estate Property, land	Slab rate	24 months	12.5%	No indexation*
Hybrid Funds (Equity) >65% equity allocation	20%	12 months	12.5%	₹1.25 lakh/yr

*Budget 2024 removed indexation benefit for real estate LTCG. Rates effective July 23, 2024.

3. The SIP question everyone asks Here is the part that confuses even experienced investors: **when you run a SIP, each instalments have its own separate holding period.** Your January SIP and your December SIP are taxed differently when you redeem in the following year. The clock starts fresh for every instalment.

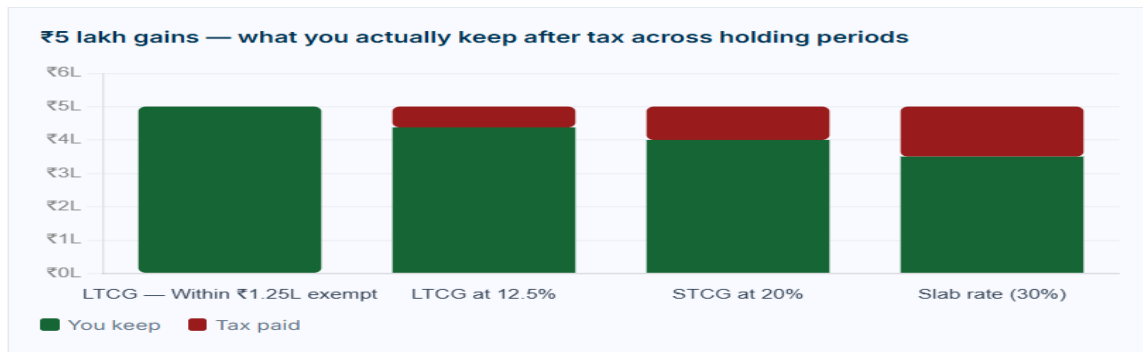
HOW SIP TAXATION WORKS — FIFO (FIRST IN, FIRST OUT)

Scenario: You invested ₹10,000/month in Jan–Dec 2024. You redeem in Jan 2025.

<p>Jan 2024</p> <p>₹10,000</p> <p>LTCG ✓</p> <p>12+ months</p>	<p>Apr 2024</p> <p>₹10,000</p> <p>STCG ✗</p> <p><12 months</p>	<p>Sep 2024</p> <p>₹10,000</p> <p>STCG ✗</p> <p><12 months</p>	<p>Dec 2024</p> <p>₹10,000</p> <p>STCG ✗</p> <p><12 months</p>
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Key insight: Only the January installment has crossed 12 months by January 2025. All others attract STCG at 20%. Plan partial redemptions carefully — the oldest units are redeemed first (FIFO).

4. The chart that shows what tax actually costs you



₹5.00L
 LTCG within ₹1.25L exemption — you keep everything

₹4.38L
 LTCG at 12.5% on ₹5L gains — keep ₹4.38 lakh

₹4.00L
 STCG at 20% on ₹5L gains — keep ₹4 lakh

5. Four strategies to legally pay less tax

💡 Harvest your ₹1.25L exemption every year

Every financial year, your first ₹1.25 lakh of equity LTCG is completely tax free. Book that much in gains each March, reinvest immediately. Over 10 years, this saves a significant amount.

Action: Do this every March

🕒 Wait for the 12-month mark before redeeming

Crossing 12 months cuts your tax rate from 20% to 12.5% on equity gains. If your redemption is just weeks away from that date — wait. The tax saving almost always justifies the patience.

Saves 7.5% on every rupee of gains

📊 Set off losses against gains

Capital losses can be set off against capital gains of the same type. STCG losses offset STCG gains. LTCG losses offset LTCG gains. Losses can be carried forward for 8 years — use them strategically.

Loss harvesting reduces tax bill

👪 Invest in spouse's or parent's name

If a family member is in a lower tax bracket, investing in their name can reduce overall family tax on debt fund or slab-rate gains. Each individual gets their own ₹1.25L LTCG exemption too.

Multiple family exemptions

"The difference between a good investor and a great one is not just how much they earn it is how much they keep after tax."

Opulence Wealth -Tax Intelligence Series

Taxes are not the enemy. They are the cost of having profitable investments and that is a good problem to have. But there is an enormous difference between paying what is legally required and paying more than you should out of ignorance. As your wealth partner, our job is to make sure you are always on the right side of that line.

Your next step

Before your next redemption, before the end of this financial year, have one conversation with your financial expert about your capital gains position. Ask about the ₹1.25 lakh harvesting opportunity. Ask about any unrealised losses you could offset. These are not complicated actions. But they are the kind that compound into significant savings over a decade of investing.

Connect with Opulence Wealth for a personal tax efficiency review of your portfolio.

Tax rates are as per Budget 2024, effective July 23, 2024. Debt fund taxation changed from April 1, 2023. Individual tax situations may vary. This article is for educational purposes only and does not constitute tax advice. Please consult a qualified tax advisor or chartered accountant for your specific situation.