

## **STUDY OF INCOME EARNED FROM SHORT TERM CAPITAL GAINS IN INDIA**

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### **Abstract**

Short Term Capital Gains Income is the income from the transfer of short-term capital assets as computed in the return of income under the head Capital Gains. The Sum of Short Term Capital Gains Income is the sum of Short Term Capital Gains Income of all returns within the value range slab. The Average Short Term Capital Gains Income is the average Short Term Capital Gains Income within the value range slab i.e. sum of short term capital gains income divided by total number of returns within the value range slab. Research tried to examine the income earned by the taxpayers from short term capital gains in India. Study covered income earned from short term capital gains by the taxpayers particularly during the assessment year 2018-19.

Keywords: Short Term Capital Gains, Income, Taxpayers, Income Tax.

### **A) Introduction**

Short Term Capital Gains Income is the income from the transfer of short-term capital assets as computed in the return of income under the head Capital Gains. The Sum of Short Term Capital Gains Income is the sum of Short Term Capital Gains Income of all returns within the value range slab. The Average Short Term Capital Gains Income is the average Short Term Capital Gains Income within the value range slab i.e. sum of short term capital gains income divided by total number of returns within the value range slab.

### **B) Methodology**

- Research tried to examine the income earned by the taxpayers from short term capital gains in India.
- Research design used for study was descriptive and exploratory.
- Data was collected from secondary sources.
- Sources of data was websites of Income Tax and publications from Income Tax department, Government of India.
- Study covered income earned from short term capital gains by the taxpayers particularly during the assessment year 2018-19.

## C) Analysis and Inferences

**Table 1: Range of short-term capital gains of all taxpayers (AY 2018-19)**

Range (in Rs.)	No. of Returns	Sum of Short Term Capital Gains Income (Rs. in crores)	Average Short Term Capital Gains Income (Rs. in lakhs)
= 0	5,72,07,566	-	-
>0 and <=1,50,000	12,52,273	3,792	0.30
>1,50,000 and <= 2,00,000	51,185	887	1.73
>2,00,000 and <= 2,50,000	35,072	785	2.24
>2,50,000 and <= 3,50,000	43,193	1,274	2.95
>3,50,000 and <= 4,00,000	14,158	530	3.74
>4,00,000 and <= 4,50,000	11,343	481	4.24
>4,50,000 and <= 5,00,000	9,463	449	4.75
>5,00,000 and <= 5,50,000	7,637	400	5.24
>5,50,000 and <= 9,50,000	32,983	2,360	7.16
>9,50,000 and <= 10,00,000	2,288	223	9.75
>10,00,000 and <=15,00,000	14,459	1,758	12.16
>15,00,000 and <= 20,00,000	7,188	1,243	17.30
>20,00,000 and <= 25,00,000	4,396	980	22.30
>25,00,000 and <= 50,00,000	9,181	3,186	34.70
>50,00,000 and <= 1,00,00,000	4,812	3,342	69.44
>1,00,00,000 and <=5,00,00,000	4,394	9,338	212.52
>5,00,00,000 and <=10,00,00,000	818	5,817	711.14
>10,00,00,000 and <=25,00,00,000	569	8,745	1,536.83
>25,00,00,000 and <=50,00,00,000	246	8,642	3,513.15
>50,00,00,000 and <=100,00,00,000	137	9,353	6,826.92
>100,00,00,000 and <=500,00,00,000	87	17,075	19,626.74
>500,00,00,000	10	8,796	87,955.90
<b>Total</b>	<b>5,87,13,458</b>	<b>89,456</b>	
Source: <a href="https://incometaxindia.gov.in/">https://incometaxindia.gov.in/</a>			

Above table indicated the number of returns filled for income earned from short term gains by all taxpayers, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by all taxpayers from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 2: Range of short-term capital gains of individuals (AY 2018-19)**

Range (in Rs.)	No. of Returns	Sum of Short Term Capital Gains Income (Rs. in crores)	Average Short Term Capital Gains Income (Rs. in lakhs)
= 0	5,38,85,755	-	-
>0 and <=1,50,000	11,60,714	3,469	0.30
>1,50,000 and <= 2,00,000	45,677	791	1.73
>2,00,000 and <= 2,50,000	30,826	690	2.24
>2,50,000 and <= 3,50,000	38,246	1,128	2.95
>3,50,000 and <= 4,00,000	12,456	466	3.74
>4,00,000 and <= 4,50,000	9,976	423	4.24
>4,50,000 and <= 5,00,000	8,270	393	4.75
>5,00,000 and <= 5,50,000	6,621	347	5.24
>5,50,000 and <= 9,50,000	28,129	2,010	7.15
>9,50,000 and <= 10,00,000	1,903	186	9.75
>10,00,000 and <=15,00,000	11,757	1,427	12.14
>15,00,000 and <= 20,00,000	5,567	963	17.30

>20,00,000 and <= 25,00,000	3,298	735	22.29
>25,00,000 and <= 50,00,000	6,376	2,190	34.35
>50,00,000 and <= 1,00,00,000	2,769	1,889	68.22
>1,00,00,000 and <=5,00,00,000	1,653	3,164	191.38
>5,00,00,000 and <=10,00,00,000	153	1,085	709.11
>10,00,00,000 and <=25,00,00,000	55	810	1,472.74
>25,00,00,000 and <=50,00,00,000	8	315	3,932.04
>50,00,00,000 and <=100,00,00,000	10	683	6,829.04
<b>Total</b>	<b>5,52,60,219</b>	<b>23,163</b>	
<i>Source: <a href="https://incometaxindia.gov.in/">https://incometaxindia.gov.in/</a></i>			

Above table indicated the number of returns filled for income earned from short term gains by the individuals, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the individuals from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 3: Range of short-term capital gains of HUF [Hindu Undivided Family] (AY 2018-19)**

Range (in Rs.)	No. of Returns	Sum of Short Term Capital Gains Income (Rs. in crores)	Average Short Term Capital Gains Income (Rs. in lakhs)
= 0	10,37,368	-	-
>0 and <=1,50,000	75,790	254	0.34
>1,50,000 and <= 2,00,000	3,933	68	1.73
>2,00,000 and <= 2,50,000	2,951	67	2.26
>2,50,000 and <= 3,50,000	3,118	91	2.93
>3,50,000 and <= 4,00,000	993	37	3.74
>4,00,000 and <= 4,50,000	746	32	4.22
>4,50,000 and <= 5,00,000	660	31	4.76
>5,00,000 and <= 5,50,000	549	29	5.24
>5,50,000 and <= 9,50,000	2,069	148	7.13
>9,50,000 and <= 10,00,000	143	14	9.74
>10,00,000 and <=15,00,000	882	107	12.08
>15,00,000 and <= 20,00,000	424	73	17.27
>20,00,000 and <= 25,00,000	249	55	22.13
>25,00,000 and <= 50,00,000	414	141	34.10
>50,00,000 and <= 1,00,00,000	164	112	68.43
>1,00,00,000 and <=5,00,00,000	88	155	175.89
>5,00,00,000 and <=10,00,00,000	9	67	742.44
>10,00,00,000 and <=25,00,00,000	4	56	1,405.95
<b>Total</b>	<b>11,30,554</b>	<b>1,537</b>	
<i>Source: <a href="https://incometaxindia.gov.in/">https://incometaxindia.gov.in/</a></i>			

Above table indicated the number of returns filled for income earned from short term gains by the Hindu Undivided Family, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the Hindu Undivided Family from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 4: Range of short-term capital gains of firms (AY 2018-19)**

Range (in Rs.)	No. of Returns	Sum of Short Term Capital Gains Income (Rs. in crores)	Average Short Term Capital Gains Income (Rs. in lakhs)
= 0	12,60,909	-	-
>0 and <=1,50,000	4,868	19	0.40
>1,50,000 and <= 2,00,000	395	7	1.73
>2,00,000 and <= 2,50,000	328	7	2.23
>2,50,000 and <= 3,50,000	462	14	2.97
>3,50,000 and <= 4,00,000	149	6	3.76
>4,00,000 and <= 4,50,000	155	7	4.25
>4,50,000 and <= 5,00,000	135	6	4.74
>5,00,000 and <= 5,50,000	101	5	5.24
>5,50,000 and <= 9,50,000	551	39	7.10
>9,50,000 and <= 10,00,000	33	3	9.77
>10,00,000 and <=15,00,000	349	43	12.25
>15,00,000 and <= 20,00,000	210	36	17.32
>20,00,000 and <= 25,00,000	147	32	22.09
>25,00,000 and <= 50,00,000	365	131	35.75
>50,00,000 and <= 1,00,00,000	250	178	71.10
>1,00,00,000 and <=5,00,00,000	247	514	208.06
>5,00,00,000 and <=10,00,00,000	38	272	716.80
>10,00,00,000 and <=25,00,00,000	23	336	1,460.37
>25,00,00,000 and <=50,00,00,000	12	451	3,755.28
>50,00,00,000 and <=100,00,00,000	6	451	7,514.73
>100,00,00,000 and <=500,00,00,000	3	388	12,920.43
<b>Total</b>	<b>12,69,736</b>	<b>2,944</b>	
Source: <a href="https://incometaxindia.gov.in/">https://incometaxindia.gov.in/</a>			

Above table indicated the number of returns filled for income earned from short term gains by the firms, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the firms from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 5: Range of short-term capital gains of AOP / BOI (AY 2018-19)**

Range (in Rs.)	No. of Returns	Sum of Short Term Capital Gains Income (Rs. in crores)	Average Short Term Capital Gains Income (Rs. in lakhs)
= 0	2,00,638	-	-
>0 and <=1,50,000	1,020	4	0.38
>1,50,000 and <= 2,00,000	93	2	1.73
>2,00,000 and <= 2,50,000	86	2	2.23
>2,50,000 and <= 3,50,000	114	3	2.92
>3,50,000 and <= 4,00,000	34	1	3.78
>4,00,000 and <= 4,50,000	31	1	4.26
>4,50,000 and <= 5,00,000	33	2	4.73
>5,00,000 and <= 5,50,000	48	3	5.24
>5,50,000 and <= 9,50,000	185	14	7.44
>9,50,000 and <= 10,00,000	19	2	9.77
>10,00,000 and <=15,00,000	115	14	12.50
>15,00,000 and <= 20,00,000	96	17	17.56

>20,00,000 and <= 25,00,000	63	14	22.59
>25,00,000 and <= 50,00,000	236	86	36.53
>50,00,000 and <= 1,00,00,000	263	187	70.96
>1,00,00,000 and <=5,00,00,000	497	1,241	249.69
>5,00,00,000 and <=10,00,00,000	202	1,459	722.52
>10,00,00,000 and <=25,00,00,000	140	2,101	1,500.99
>25,00,00,000 and <=50,00,00,000	73	2,523	3,456.55
>50,00,00,000 and <=100,00,00,000	33	2,204	6,677.41
>100,00,00,000 and <=500,00,00,000	28	5,112	18,257.85
>500,00,00,000	1	607	60,697.60
<b>Total</b>	<b>2,04,048</b>	<b>15,599</b>	

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by the Association of Person or Body of Individuals, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the Association of Person or Body of Individuals from short term capital gain increased tremendously as the range of short term capital gain had increased.

**Table 6: Range of short-term capital gains of companies (AY 2018-19)**

Range (in Rs.)	No. of Returns	Sum of ShortTerm Capital Gains Income (Rs. in crores)	Average Short Term Capital Gains Income (Rs. in lakhs)
= 0	8,16,010	-	-
>0 and <=1,50,000	9,843	45	0.46
>1,50,000 and <= 2,00,000	1,084	19	1.74
>2,00,000 and <= 2,50,000	881	20	2.24
>2,50,000 and <= 3,50,000	1,252	37	2.99
>3,50,000 and <= 4,00,000	526	20	3.75
>4,00,000 and <= 4,50,000	434	18	4.24
>4,50,000 and <= 5,00,000	364	17	4.75
>5,00,000 and <= 5,50,000	318	17	5.23
>5,50,000 and <= 9,50,000	2,045	149	7.28
>9,50,000 and <= 10,00,000	190	19	9.74
>10,00,000 and <=15,00,000	1,355	166	12.29
>15,00,000 and <= 20,00,000	887	153	17.28
>20,00,000 and <= 25,00,000	639	144	22.47
>25,00,000 and <= 50,00,000	1,787	637	35.67
>50,00,000 and <= 1,00,00,000	1,364	975	71.46
>1,00,00,000 and <=5,00,00,000	1,906	4,256	223.32
>5,00,00,000 and <=10,00,00,000	413	2,913	705.35
>10,00,00,000 and <=25,00,00,000	345	5,408	1,567.48
>25,00,00,000 and <=50,00,00,000	150	5,260	3,506.65
>50,00,00,000 and <=100,00,00,000	86	5,883	6,840.50
>100,00,00,000 and <=500,00,00,000	54	11,269	20,868.75
>500,00,00,000	9	8,189	90,984.60
<b>Total</b>	<b>8,41,942</b>	<b>45,614</b>	

Source: <https://incometaxindia.gov.in/>

Above table indicated the number of returns filled for income earned from short term gains by the companies, along-with total aggregate of income earned from short term capital gain and average income earned from short term capital gain during the assessment year 2018-19. As seen, average income earned by the companies from short term capital gain increased tremendously as the range of short term capital gain had increased.

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