

SGB taxation in budget 2024: Changed capital gain tax on maturity, selling prematurely in RBI's buyback or on stock exchange

Synopsis

Budget 2024: Sovereign Gold Bond scheme investors are in for a rejoice because now if they are being held for more than 12 months, it is to be classified as a long term capital gains asset and be accordingly taxed. However if you hold it till maturity then it is tax free.



SGB taxation in budget 2024: Changed capital gain tax on Sovereign Gold Bonds on maturity or selling prematurely

Sovereign Gold Bonds (SGBs) are an important investment option for retail individual investors. Any change in the taxation of SGB will have a material impact on your total returns. [Budget 2024](#) has proposed several changes that may directly affect the taxability of your SGB investment if it is sold before maturity or prematurely redeemed.

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Tax on SGB when you sell them on stock exchanges or transfer

If you want to exit the SGB investment before the RBI buyback window, you can choose between two options: you can either sell it on the stock exchange, or you can transfer it to another person.

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If you need to sell your SGBs on the stock exchange, you must make sure that it is held in demat mode or converted into demat mode.

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"In cases where SGBs are not held in demat account, they can be sold and transferred as per the provisions of Government Securities Act, 2006 wherein securities held in the form bond ledger account are transferable, before maturity, by execution of respective forms which are appended to the Government Securities Regulations, 2007," says Dalal from Deloitte India.

"Tax is payable for selling SGBs on the stock exchange, however the tax

treatment of SGBs on sale at the stock exchange would depend on the period of holding," says S. Vasudevan, Executive Partner, Lakshmikumaran & Sridharan Attorneys.

What was the tax treatment of SGBs before Budget 2024?

According to Dalal, "Prior to finance budget 2024 revamping the capital gains tax regime, SGBs which were classified as long-term capital asset (held for more than 36 months) were chargeable to tax @ 20% (with indexation benefit) or 10% (without indexation benefit), whichever is more beneficial. The benefit of indexation on SGBs was specifically provided for by way of fourth proviso to section 48 of the Income Tax Act, 1961. Similarly, SGBs which were held for less than 3 years were classified as short-term capital assets and taxed at applicable rates"

How SGBs are to be taxed after Budget 2024 proposals if sold on stock exchanges

Certain changes were introduced in Budget 2024 in respect of streamlining the period of holding for a capital asset. Also, Budget 2024 effectively removed indexation benefits for sovereign gold bonds.

The holding period of SGBs determines whether your gains are LTCG or STCG. "Classification of SGB's into long term or short-term capital assets depends on the period of holding. Since SGBs are listed securities, SGBs held for more than 12 months will be classified as long-term capital assets," says Vasudevan.

Here's what experts say about this:

As per S. Vasudevan, Budget 2024 has proposed the following amendments:

- SGBs will continue to be considered as long-term capital assets if held for more than 12 months. SGBs transferred on or after 23.07.2024 will be taxed at the rate of 12.5% under section 112 without any indexation benefits.
- SGB held for 12 months or less will continue to be considered as short-term capital asset and taxed at applicable slab rates.

How does the method chosen for disposing of SGBs affect their tax treatment?

SGBs are issued with a fixed tenure of 8 years. Individuals' gains are exempt from capital gains tax. However, the semi-annual interest given on SGBs is taxable to all investors at the applicable tax rate.

Here's how gains from SGBs are taxed depending on where they are disposed off:

Redeem SGBs through RBI buyback windows: Tax free for individuals

If you need to redeem your SGB investment, you must wait for the RBI's buyback window to start (starting from the 5th year of the SGBs).

"As per the tax law, redemption of SGB held by an individual is exempt from tax. Thus, redemption at RBI buyback windows will not be subjected to capital gains tax," says Vasudevan.

When are gains from SGBs tax-exempt in your hands

According to Vasudevan when SGBs are sold at stock exchanges it is called 'transfer of SGB'. "It is said that a SGB is redeemed if only the SGB is repaid by the RBI through its dedicated windows. There is no taxation incident on redemption of SGBs for an individual assessee," says Vasudevan.

"Exemptions have been provided only in case of individuals under section 47(viic) of the Income Tax Act, 1961 wherein any gains arising on redemption/maturity of SGBs is not regarded as "transfer" and hence no capital gains tax shall arise on transfer of such SGBs," says Dalal.

Here's how experts have expressed their views on **SGB taxation** after budget 2024 proposals

Deepa Dalal, Partner, Deloitte India: Under the new regime, tax implications on sale of SGBs remains the same whether they are traded on stock-exchanges or off-market. If the SGBs are held for a period of more than 12 months before the date of transfer, the same shall be classified as long-term capital asset and chargeable to tax @ 12.5% (plus applicable surcharge and cess) without considering the indexation benefit. However, if the SGBs are sold/ transferred before holding the same for less than 12 months, the resultant gains would be charged to tax as per applicable rates.

Amarpal Singh Chadha, Tax Partner and Mobility Leader, EY India: SGBs are redeemable at the end of lock in period of 8 years and any capital gains arising at the time of redemption of SGBs is exempt as it is not regarded as transfer for the purpose of capital gains. Sale of SGBs at the stock exchange will be taxable as capital gains. If SGBs are purchased on stock exchange and sold within 12 months from the date of purchase, then the capital gains shall be classified as short-term capital gains (STCG) and taxed at applicable slab rates. SGBs being listed securities purchased through banks and others will be classified as short-term capital asset up to 12 months and will be classified as long-term capital asset after holding for more than 12 months.

Ashish Mehta, Partner at Khaitan & Co: As per section 2(42A) any listed security held for more than 12 months will qualify as a long-term asset. We agree the period of holding for SGBs listed on exchange should be 12 months. However, taxability will be as per section 112 and not 112A, i.e 20% with indexation and at 12.5% (without indexation) post Finance Bill 2024. SGBs taxability will not differ if the SGBs are bought from the stock market or from authorized banks / institutions.

CA Prakash Hedge: Only for individuals gain on redemption (whether at maturity at 8 years or before) is exempt from tax. Early redemption is allowed in the RBI buyback windows starting from the 5th year of the SGBs. However, if you are selling SGBs on the stock exchange and if the holding period is 12 months or less - SGBs would be short term assets (if the sale is on or after 23 July 2024). If the holding period is more than 12 months - SGBs would be long term assets. If they are sold, the rate of tax will be 12.5% (if the sale is on or after 23 July 2024). Application for SGBs can be submitted to the Banks and allotment will be made by RBI only. Even if they are purchased through other means than allotment from RBI or through stock market, the period of holding and taxation will remain the same as explained above.

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Reliance family announces ten-point flood relief plan for Punjab

ET Special Last Updated: Sep 10, 2025, 09:55:49 PM IST

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Synopsis

Reliance Foundation is helping Punjab flood victims. They are working with the government to aid over 10,000 families in affected areas like Amritsar. Anant Ambani expressed solidarity. The foundation provides food, water, shelter, and medical care. They

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are also restoring communication networks with Jio. Reliance Retail is distributing essential kits.



As Punjab reels under the impact of its worst flood in decades, Reliance Foundation, has partnered with Reliance Retail, Jio and Vantara, to roll out a comprehensive ten-point humanitarian and relief programme to assist people and communities worst hit by this devastation. The Foundation is working together with the state

administration, district authorities and local panchayats, to extend immediate aid to over 10,000 families in Amritsar, Sultanpur Lodhi and adjoining areas.

Announcing the initiative, Anant Ambani, Director, Reliance Industries Limited, reiterated the foundation and Reliance group's solidarity with Punjab during this crisis.



"Our heart goes out to the people of Punjab in this hour of suffering. Families have lost homes, livelihoods, and a sense of security. The entire Reliance family stands with each one of them. We are supporting them with food supplies, drinking water, shelter kits, and medical care for both people and animals. This ten-point plan is reflective of our core value of Care. We are committed to walking alongside Punjab in this difficult time," he said.



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Reliance Foundation's Ten-Point Response | Punjab Floods



This comprehensive support plan includes a wide range of emergency needs:

- **Nutrition support:** Basic essentials like dry ration kits are being provided to 10,000 flood-affected households to help families meet daily food requirements.
- **Voucher assistance:** 1,000 vulnerable families, especially those led by single women and the elderly, are being supported with cash vouchers worth ₹5,000 each.
- **Community kitchens:** Our supplies are powering community kitchens that are serving fresh, cooked meals to displaced residents.



- **Safe drinking water:** Portable water filters have been set up in inundated villages to provide potable drinking water, to curb

contamination and reduce the spread of waterborne diseases.

- **Emergency shelters:** Shelter kits with tarpaulins, mosquito nets, bedding, ropes and groundsheets are reaching families forced to evacuate their homes
- **Public health management:** Disinfection of water sources and awareness drives are underway to check the spread of flood-related illnesses.
- **Sanitation kits:** Every impacted family is receiving hygiene kits stocked with basic supplies to maintain hygiene and prevent disease.



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- **Livestock care:** Veterinary teams are administering vaccines and medication to the livestock, while 3,000 silage bundles are being supplied to feed over 5,000 cattle.
- **Animal rescue and management:** Vantara specialists are engaged in rescuing and treating displaced animals, and are also supporting safe disposal of deceased livestock to mitigate health risks.



- **Connectivity restoration:** Jio teams have worked with emergency agencies to restore network services, ensuring uninterrupted communication in affected zones.

Reliance Retail has further supplemented the relief mission by dispatching customised ration and hygiene kits, each containing 21 essential items, that have been distributed through village panchayats to the most vulnerable families.

The Reliance Foundation noted that the initiative extends beyond immediate relief, with their teams working tirelessly to stabilise communities, restore critical services and aid long-term recovery in collaboration with government bodies.

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