PROVISION OF BUY BACK OF SHARE

Listed Company	Unlisted Company

Sec.46A :
 	
- Buy Back of **LISTED SHARE OR OTHER SPECIFIED SECURITY.**
- Tax implication in the hands of Company;
  a) No deemed dividend on buy back, ∴ Sec.115-O shall not be attracted.
  b) Sec.115QA not attracted since shares are listed.
  c) No other tax implication.
- Capital Gain in the hands of shareholder/holder of specified Security in the year when buy back take place.
 	
Capital Gain = Consideration Recd. By Holder – Cost of Acquisition
 	
- Benefit of First proviso or second proviso to sec.48 available.
- If company buyback its unlisted Shares (Equity or preference) from 1.04.2013 to 31.05.2013, then Sec. 115QA & Sec.10 (34A) shall not apply. Sec.46A applicable & capital gain arises in the hands of shareholder.
	Sec.115QA *(Applicable from 1.06.2013)*
	
	- Buy Back of **UNLISTED SHARES** by Domestic Company.
	- Company Liable to pay tax on Distributed Income on Buy Back of **UNLISTED SHARE**. Tax @ 20% plus 10% surcharge 3% Edu.cess)
	- Buy Back in accordance with provision of Sec.77A of Companies Act.
	- Distributed Income means consideration paid by Co. on buy back reduced by Amount received by Co. on issue of such share.
	- Principal Officer & the company liable to pay tax within 14 Days from the Date of Payment.
	
	Sec. 115QB
	
	- Intt. Payable for nonpayment of Tax @ 1% per month.
	
	Sec.115QC
	
	- Does not pay tax. Company deemed to be assessee in default.
	
	Sec.10 (34A)
	
	- Income (Distributed income u/s 115QA) shall be exempted from Tax in the hands of Assessee (investor).

Note:

- Sec.115QA & Sec.10 (34A) applies to preference shares as well as equity shares. Therefore, judgment of "Anarkali Sarabhai (SC)" shall not applicable, where company redeems its unlisted preference share as redemption of preference share is buy back of preference share.

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