**Long-Term Capital Gains (LTCG)** exceeding Rs. 1,25,000 are generally taxed at a flat **12.5%** (excluding applicable surcharge and cess). The first Rs. 1,25,000 of your gains is **tax-free**, and you only pay tax on the amount that exceeds this threshold.

The specific taxation rules depend heavily on the type of asset you are selling:

**1. Listed Equity Shares & Equity-Oriented Mutual Funds (Section 112A)**

- **Holding Period:** Held for more than **12 months**.
- **Tax Rate: 12.5%** on gains exceeding Rs. 1,25,000.
- **Indexation:** No indexation benefit is allowed.
- **Condition:** Securities Transaction Tax (STT) must have been paid on both purchase and sale.
- **Basic Exemption Limit:** For resident individuals and HUFs, if your total income (including your other regular income) *excluding* the LTCG is less than the basic exemption limit (e.g., Rs. 2.5 Lakh or Rs. 3 Lakh), the shortfall can be adjusted against the LTCG.

**2. Real Estate, Gold, and Unlisted Shares**

- **Holding Period:** Held for more than **24 months**.
- **Tax Rate: 12.5%**.
- **Indexation:** Indexation benefits are no longer available for assets sold after July 23, 2024. However, for real estate properties purchased on or before July 22, 2024, you can opt for a **20% tax rate with indexation** if it leads to a lower tax liability.

**3. Debt Mutual Funds and Non-Equity Assets**

- **Tax Rate: 12.5%** without any indexation benefit.

**4. Computation Deductions**

Before applying the tax rate or reinvestment exemptions, you are allowed to subtract the following directly from your total sale consideration: [1, 2]

- **Transfer Expenses:** Direct expenses incurred on the sale, such as brokerage, commission, GST and stamp duty can be deducted as expenses. If you trade full-time and your income is classified as "Profits and Gains of Business or Profession" (PGBP), you *can* claim STT as a deductible business expense under Section 36 of the Income Tax Act.
- **Cost of Acquisition & Improvement:** The purchase price and costs of improving the asset. Deduction of Securities Transaction Tax (STT) is not permitted, [1, 2, 3]

*Note: For real estate acquired on or before July 22, 2024, you can elect to pay a 20% tax with the Cost Inflation Index (Indexation), or a flat 12.5% without indexation. For real estate acquired after that date, indexation is discontinued and the standard rate is 12.5%.* [1, 2]