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1. LTCG was introduced in Budget 2018 with a tax of 10% on profits made above Rs.1 lakh on selling of equity shares & mutual funds.

Every long term investor wants to save tax on capital gains, but how?

This thread talks about a simple way "Tax Loss Harvesting"

2. Tax Loss Harvesting is a way in which your capital gains are set off against your capital losses from buying & selling stocks

How does that work? Let’s take an example.

3. Say, u booked capital gain for the year Rs. 25000.

For TLH, sell underperforming stock at capital loss, say of Rs 20000.

Now, u need to pay tax on 25000-20000 = Rs.5000

This helps you to save tax on extra 20000 had you not set off your loss against the gains.

4. What if you don't want to sell loss making investments?

No worries, you sell in this fin. yr, say on 31st March & buy again in next day i.e. next fin. yr on 1st April.

With discount brokers, transaction cost is zero.

5. Consider the following before you make your decision as it may not be the right strategy for all investors.

•Tenure of investments.
•LT capital losses can be set off against only LT capital gains.
•ST capital losses can be set off against any capital gains.

6. Check out our blog on Tax loss harvesting to know more at https://t.co/IlbSrGe7We

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