

Transfer of Units in Non-Demat (Physical SoA) Mode*



As per Circular No.116 / 2024-25 (Dated 14th August, 2024) and Circular No.119 / 2025-26 (Dated 8th May, 2025)

SCENARIOS	PARTICULARS	TAXABILITY	TAXABLE PERSON	COST BASIS FOR CAPITAL GAINS
Transmission	Surviving joint holder adds a new joint holder after death of co-holder	Not taxable if the first holder's PAN remains the same	Not Applicable	Not Applicable
	Surviving joint holder adds a new joint holder after death of co-holder (Surviving Holder)	Not taxable	Surviving Holder	Original purchase cost and holding period for Surviving Holder
	Nominee transfers units to legal heir after transmission	Not taxable – nominee is a custodian; legal heir is the beneficial owner	Not Applicable	Legal heir gets benefit of cost and holding period of deceased unitholder
	Minor unitholder turns major and adds parent/guardian/sibling/spouse as joint holder	Not taxable if PAN of first holder remains unchanged	Gains taxable in hands of the now-major unitholder upon sale	Original purchase cost and holding period when minor applies
Transfer	Transfer of units to a third party (with consideration)	Taxable	Transferor	Capital gains = Sale price – Acquisition cost; Holding period determines STCG/LTCG
	Transfer to sibling (without consideration)	Not taxable	Sibling	Sibling inherits cost and holding period of the original owner
Addition	Addition of joint holder(s)	Not taxable if first holder's PAN remains unchanged	Not Applicable	First holder's cost and holding period apply in case of subsequent sale
Deletion	Deletion of joint holder(s)	Not taxable if first holder's PAN remains unchanged	Not Applicable	First holder's cost and holding period apply in case of subsequent sale
Gifting	Gifting of units to Father / Mother / Son / Daughter / Spouse (family)	Not taxable (covered under Section 56(2)(x) of Income Tax Act)	Not Applicable	Donee (receiver) inherits donor's (giver's) cost and holding period
	Gifting of units without consideration (non-family)	Not taxable if FMV ≤ ₹50,000; taxable as income in donee's hands if FMV > ₹50,000	Donee (recipient) if value > ₹50,000	FMV on date of gift is considered as cost; holding starts from date of gift

- Note:**
- Phase 1 covers Circular No.116 / 2024-25 (Dated 14th August, 2024)
 - Phase 2 covers Circular No.119 / 2025-26 (Dated 8th May, 2025)
 - STCG = Short-term Capital Gain
 - LTCG = Long-term Capital Gain
 - FMV = Fair Market Value

*For individual investors

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