

## Tax Rates Specific to Mutual Funds

The rates are applicable for the financial year 2015-16 and changes made as per Finance (No.2) Bill, 2015.

## Tax Implications on Dividend received by Unit holders

	Individual / HUF	Domestic Company	NRI
<b>Dividend</b>			
Equity Oriented Schemes	Tax Free	Tax Free	Tax Free
Debt Oriented Schemes	Tax Free	Tax Free	Tax Free
<b>Dividend Distribution Tax Rates**</b>			
Equity Oriented Schemes*	Tax Free	Tax Free	Tax Free
Money market and Liquid Schemes	25%+12% Surcharge+3% Cess = 28.84%	30%+12%Surcharge+3%cess =34.608%	25%+12% Surcharge+3% Cess =28.84%
Debt Schemes (other than infrastrcture debt fund)	25%+12% Surcharge+3% Cess = 28.84%	30%+12%Surcharge+3%cess =34.608%	25%+12% Surcharge+3% Cess =28.84%
Infrastructure Debt Fund	25% + 12% Surcharge + 3% Cess = 28.84%	30% + 12% Surcharge + 3% Cess =34.608%	5% + 12% Surcharge + 3% Cess =5.768%

\* Securities Transaction Tax ( STT ) will be deducted on equity oriented funds at the time of redemption / switch to other schemes / sale of units.

For the purpose of determining the tax payable, the amount of distributed income be increased to such amount as would, after reduction of tax from such increased amount, be equal to the income distributed by the Mutual Fund.

\*\* According to The Finance (No. 2) Bill, 2014 with effect from October 1, 2014, the Act has been amended that for the purpose of determining the tax payable, the amount of distributed income be increased to such amount as would, after reduction of tax from such increased amount, be equal to the income distributed by the Mutual Fund.

<b>Capital Gains Taxation</b>			
	Individual / HUF \$	Domestic Company @	NRI \$ / #
<b>Long Term Capital Gains (units of equity oriented mutual fund schemes held for more than 12 months and 36 months in case of other units)</b>			
Equity Oriented Schemes	Nil	Nil	Nil
Other than equity oriented schemes	20% with indexation***	20% with indexation***	Listed - 20% with indexation*** Unlisted - 10% without indexation
<b>Short Term Capital Gains (units of equity oriented mutual fund schemes held for less than or equal to 12 months and 36 months in case of other units)</b>			
Equity Oriented Schemes	15%	15%	15%
Other than Equity oriented Schemes	30% ^	30%	30% ^
<b>Tax Deducted at Source (Applicable only to NRI Investors)</b>			
		<b>Short term capital gains</b>	<b>Long term capital gains</b>
Equity Oriented Schemes		15%	Nil
Other than Equity oriented Schemes		30%^	Listed - 20% with indexation Unlisted - 10% without indexation

\$ Surcharge at the rate of 12% is levied in case of individual/ HUF unit holders where their income exceeds Rs 1 crore.

@ Surcharge at the rate of 7% is levied for domestic corporate unit holders where the income exceeds Rs 1 crore but less than 10 crores and at the rate of 12%, where income exceeds 10 crores.

# Short term/ long term capital gain tax will be deducted at the time of redemption/switches of units in case of NRI investors only.

\*\*\* This rate is applicable from 1 April 2014.

^ Assuming the investor falls into highest tax bracket.

Education Cess at the rate 3% will continue to apply on tax plus surcharge

**Dividend Stripping:** The loss due to sale of units in the schemes (where dividend is tax free) will not be available for set off to the extent of the tax free dividend declared; if units are:(A) bought within three months prior to the record date fixed for dividend declaration; and (B) sold within nine months after the record date fixed for dividend declaration.

**Bonus Stripping:** The loss due to sale of original units in the schemes, where bonus units are issued, will not be available for set off; if original units are: (A) bought within three months prior to the record date fixed for allotment of bonus units; and (B) sold within nine months after the record date fixed for allotment of bonus units. However, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such unsold bonus units.

The tax rates provided above are for general information only. Investors are advised to seek the opinion of their tax consultant.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully**

### 1. Income Tax Rates

**For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons**

Total Income	Tax Rates
Up to Rs. 250,000	NIL
Rs. 250,001 to Rs. 500,000	10%
Rs. 500,001 to Rs. 1,000,000	20%
Rs. 1,000,001 and above	30%

- (a) In the case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs 300,000.
- (b) In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs 500,000.
- (c) Surcharge @ 12% is applicable on income exceeding Rs 1 crore; Marginal relief for such person is available
- (d) Education cess is applicable @ 3% on income tax plus surcharge
- (e) A rebate of Rs.2,000 for individual having total Income upto Rs. 5 lakhs

### 2. Securities Transaction Tax (STT)

STT is levied on the value of taxable securities transactions as under.

Transaction	Rates	Payable By
Purchase/ Sale of equity shares	0.1%	Purchaser/ Seller
Purchase of units of equity oriented mutual fund (delivery based)	Nil	Purchaser
Sale of units of equity oriented mutual fund (delivery based)	0.001%	Seller
Sale of equity shares, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.017%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.010%	Seller
Sale of unit of an equity oriented fund to the Mutual Fund	0.001%	Seller

### 3. Special rates for non-residents

- (1) The following incomes in the case of non-resident are taxed at special rates on gross basis:

Transaction	Rates <sup>(a)</sup>
Dividend <sup>(b)</sup>	20%
Interest received on loans given in foreign currency to Indian concern or Government of India.	20%

Income received in respect of units purchased in foreign currency of specifies Mutual Funds / UTI

Royalty or fees for technical services <sup>(c)</sup>	10%
Interest income from a notified infrastructure debt fund	5%
Interest on FCCB, FCEB / Dividend on GDRs(b)	10%

- (a) These rates will further increase by applicable surcharge and education cess.
- (b) Other than dividends on which DDT has been paid.
- (c) In case the non-resident has a Permanent Establishment (PE) in India and the royalty/ fees for technical services paid is effectively connected with such PE, the same could be taxed at 40% (plus applicable surcharge and education cess) on net basis.
- (2) Tax on non-resident sportsmen or sports association on specified income @ 10% plus applicable surcharge and education cess.

### 4. Capital Gains

Transaction	Short-term capital gains(a)	Long-term capital gains(a)(b)
Sale transactions of equity shares and unit of an equity oriented fund both of which attract STT	15%	Nil
Sale transaction other than mentioned above:		
Individuals (resident and nonresidents)	Progressive slab rates	20% / 10%
Partnerships (resident and nonresidents)	30%	
Resident companies	30%	
Overseas financial organizations specified in section 115AB	40% (corporate) 30% (non corporate)	10%
FIs	30%	10%
Other Foreign companies	40%	20% / 10%
Local authority	30%	20% / 10%
Co-operative society rates	Progressive slab	

- (a) These rates will further increase by applicable surcharge & education cess.
- (b) Indexation benefit, as applicable.
- (c) Foreign currency conversion benefit, as applicable