

# TAX RECKONER 2011-12

## SNAPSHOT OF TAX RATES SPECIFIC TO MUTUAL FUNDS

These rates are subject to enactment of the Finance Bill 2011. The rates are for the Financial Year 2011-12

### Tax Implications on Dividend Received By Unit Holders.

Effective: 1st April, 2011

	Individual/ HUF	Corporates	NRI*
<b>Dividend</b>			
Equity schemes	Tax free	Tax free	Tax free
Debt schemes	Tax free	Tax free	Tax free

### Tax on Distributed Income (Payable by the scheme) Rates Effective from 1st June 2011

Equity schemes **	Nil	Nil	Nil
Debt schemes	12.5% + 5% Surcharge + 3% Cess = 13.519%	30% + 5% Surcharge + 3% Cess = 32.445% (21.63 % till 31 May 2011)	12.5% + 5% Surcharge + 3% Cess = 13.519%
Money market and Liquid schemes	25% + 5% Surcharge + 3% Cess = 27.038%	30% + 5% Surcharge + 3% Cess = 32.445% (27.0375% till 31 May 2011)	25% + 5% Surcharge + 3% Cess = 27.038%

### Capital Gain Taxation

#### Long Term Capital Gains (Units held for more than 12 months)

Equity schemes **	Nil	Nil	Nil
Debt schemes	10% without indexation or 20% with indexation whichever is lower + 3% Cess	10% without indexation or 20% with indexation whichever is lower + 5% Surcharge + 3% Cess	10% without indexation or 20% with indexation whichever is lower + 3% Cess
Without indexation	= 10.300%	= 10.815%	= 10.300%
With indexation	= 20.600%	= 21.63%	= 20.600%

#### Short Term Capital Gains (Units held for 12 months or less)

Equity schemes **	15% + 3% Cess = 15.450%	15% +5% Surcharge + 3% Cess = 16.2225%	15% + 3% Cess = 15.450%
Debt schemes	30% + 3% Cess ^ = 30.900%	30% +5% Surcharge + 3% Cess = 32.445%	30% + 3% Cess ^ = 30.900%

\*The short term/long term capital gain tax will be deducted at the time of redemption of units in case of NRI investors only.

\*\* STT @ 0.25% will be deducted on equity funds at the time of redemption and switch to the other schemes.

Mutual Fund would also pay securities transaction tax wherever applicable on the securities bought / sold.

^ Assuming the investor falls into the highest tax bracket.

#### Tax Deducted at Source (Applicable only to NRI Investors)

	Short term	Long term
Equity	15.450%	NIL
Debt	30.900%	20.600%#

# after providing for indexation

## 1. Income Tax Rates

### For Individuals, Hindu Undivided Families, Association of Persons and Body of Individuals

Total Income	Tax Rates
Up to Rs. 180,000 <sup>(a)(b)</sup>	NIL
Rs. 180,001 to Rs. 500,000	10%
Rs. 500,001 to Rs. 800,000	20%
Rs. 800,001 and above <sup>(c)</sup>	30%

- (a) In the case of a resident woman below the age of sixty years, the basic exemption limit is Rs 190,000  
 (b) In the case of a resident individual of the age of sixty years or above, but less than eighty years, the basic exemption limit is Rs 250,000  
 (c) In the case of a resident individual of the age of eighty years or above, the basic exemption limit is Rs 500,000  
 (d) Surcharge is not applicable, education cess of 3% on income-tax is levied  
 (e) Marginal relief may be available

## 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, units of equity oriented mutual fund (delivery based)	0.125%	Purchaser / 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 unit of an equity oriented fund to the Mutual Fund	0.25%	Seller

## 3. Capital gains

Particulars	Short term capital gains tax rates*	Long term capital gains tax rates*
Sale transactions of equity shares/ unit of an equity oriented fund which attract STT	15%	Nil
Sale transaction other than mentioned above:		
- Individuals (resident and non-residents)	Progressive slab rates	20% with indexation; 10% without indexation (for units/zero coupon bonds)
- Firms including LLP (resident and non-resident)	30%	
- Resident Companies	30%	
- Overseas financial organisations specified in section 115AB	40% (corporate) 30% (non- corporate)	10% for units purchased in foreign currency @@
- FIs	30%	10%
- Other Foreign companies	40%	10%/ 20%#
- Local authority	30%	10% without indexation (for units/ zero coupon bonds)/20% (for others)
- Co-operative society	Progressive slab rates	

@@ no indexation benefit would be available

## 4. Dividend Stripping

The loss due to sale of units in the schemes (where dividend is tax free) will not be available for setoff 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.

## 5. 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.

### Personal tax scenarios (Amount in Rupees)

Individual	Income Level		
	500,000	1,000,000	1,500,000
Tax in FY 2010-11	35,020	158,620	313,120
Tax in FY 2011-12	32,960	156,560	311,060
Effective tax savings	2,060	2,060	2,060
Effective tax savings	5.88%	1.30%	0.66%

Resident women below 60 years	Income Level		
	500,000	1,000,000	1,500,000
Tax in FY 2010-11	31,930	155,530	310,030
Tax in FY 2011-12	31,930	155,530	310,030
Effective tax savings	Nil	Nil	Nil
Effective tax savings	0%	0%	0%

Resident senior citizen above 60 years (earlier 65 years)	Income Level		
	500,000	1,000,000	1,500,000
Tax in FY 2010-11	26,780	150,380	304,880
Tax in FY 2011-12	25,750	149,350	303,850
Effective tax Savings	1,030	1,030	1,030
Effective tax Savings	3.85%	0.68%	0.34%

Resident senior citizen above 80 years	Income Level		
	500,000	1,000,000	1,500,000
Tax in FY 2009-10	26,780	150,380	304,880
Tax in FY 2010-11	Nil	123,600	278,100
Effective tax savings	26,780	26,780	26,780
Effective tax savings	100%	17.81%	8.78%

\* These rates will further increase by applicable surcharge and education cess.

#Based on certain judicial precedents