

# TAX RECKONER 2014-15

## SNAPSHOT OF TAX RATES SPECIFIC TO MUTUAL FUNDS

**Prudent**

— Money through wisdom —

The rates are applicable for the financial year 2014-15 and are subject to enactment of the Finance Bill, 2013.

The rates are applicable for the financial year 2014-15 and are subject to enactment of the Finance (No.2) Bill, 2014.

### Tax Implications on Dividend received by Unit holders

	Individual/ HUF	Domestic Company	NRI
<b>DIVIDEND</b>			
Equity oriented schemes	Nil	Nil	Nil
Debt oriented schemes	Nil	Nil	Nil

<b>Tax on distributed income (payable by the scheme) rates**</b>			
Equity oriented schemes*	Nil	Nil	Nil
Money market and Liquid schemes	25% + 10% Surcharge + 3% Cess	30% + 10% Surcharge + 3% Cess	25% + 10% Surcharge + 3% Cess
	= 28.325%	= 33.99%	= 28.325%
Debt schemes (other than infrastructure debt fund)	25% + 10% Surcharge + 3% Cess	30% + 10% Surcharge + 3% Cess	25% + 10% Surcharge + 3% Cess
	= 28.325%	= 33.99%	= 28.325%
Infrastructure Debt Fund	25% + 10% Surcharge + 3% Cess	30% + 10% Surcharge + 3% Cess	5% + 10% Surcharge + 3% Cess
	= 28.325%	= 33.99%	= 5.665%

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

\*\* The Finance (No. 2) Bill, 2014 proposes 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. The proposed change is effective from 1 October 2014.

### CAPITAL GAINS TAXATION

	Individual/ HUF <sup>§</sup>	Domestic Company <sup>@</sup>	NRI <sup>§/#</sup>
<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>		
	Short term capital gains	Long term capital gains
Equity oriented schemes	15%	Nil
Other than equity oriented schemes	30% ^	Listed - 20% with indexation Unlisted - 10% without indexation

§ - Surcharge at the rate of 10% is proposed to be levied in case of individual/ HUF unit holders where their income exceeds Rs 1 crore.

@ - Surcharge at the rate of 5% is proposed to be levied for domestic corporate unit holders where the income exceeds Rs 1 crore but less than 10 crores and at the rate of 10%, where income exceeds 10 crores.

# - Short term/ long term capital gain tax will be deducted at the time of redemption 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.

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 <sup>(a)</sup> <sup>(b)(d)</sup>	NIL
Rs. 250,001 to Rs. 500,000 <sup>(d)</sup>	10%
Rs. 500,001 to Rs. 1,000,000 <sup>(d)</sup>	20%
Rs. 1,000,001 and above <sup>(c)(d)</sup>	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 @ 10% 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

## 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	20%
Royalty or fees for technical services	25%
Interest income from a notified infrastructure debt fund	5%
Interest on FCCB, FCEB / Dividend on GDRs <sup>(b)</sup>	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 <sup>(a)</sup>	Long-term capital gains <sup>(a)(b)</sup>
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% / 10%
Partnerships (resident and non-residents)	30%	
Resident companies	30%	10%
Overseas financial organizations specified in section 115AB	40% (corporate) 30% non corporate)	
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.

## Personal Tax Scenarios (Amount in Rupees)

Individual	Income Level		
	500,000	5,000,000	11,000,000
Tax in FY 2013-14	28,900	1,369,900	3,546,290
Tax in FY 2014-15	25,750	1,364,750	3,540,625
Effective Tax Savings	3,150	5,150	5,665
Effective Tax Savings	10.90%	0.38%	0.16%
Additional Tax Burden	NA	NA	NA
Additional Tax Burden	NA	NA	NA

Resident senior citizen (age of 60 years but below 80 years)	Income Level		
	500,000	5,000,000	11,000,000
Tax in FY 2013-14	23,750	1,364,750	3,540,625
Tax in FY 2014-15	20,600	1,359,600	3,534,960
Effective Tax Savings	3,150	5,150	5,665
Effective Tax Savings	13.26%	0.38%	0.16%
Additional Tax Burden	NA	NA	NA
Additional Tax Burden	NA	NA	NA

Resident very senior citizen at the age of 80 years and above	Income Level		
	500,000	5,000,000	11,000,000
Tax in FY 2013-14	Nil	1,339,000	3,512,300
Tax in FY 2014-15	Nil	1,339,000	3,512,300
Effective Tax Savings	NA	NA	NA
Effective Tax Savings	NA	NA	NA
Additional Tax Burden	NA	NA	NA
Additional Tax Burden	NA	NA	NA

Marginal relief as applicable would be available