



Tax Reckoner 2011-12



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Snapshot of Tax rates specific to Mutual Funds

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

Tax Implications on Dividend received by Unitholders

Effective: 1st April, 2011.

| | Individual/ HUF | Domestic Company | NRI* |
|-------------------------|-----------------|------------------|------|
| Dividend | | | |
| Equity oriented schemes | Nil | Nil | Nil |
| Debt oriented schemes | Nil | Nil | Nil |

Tax on distributed income (payable by the scheme) rates effective from 1st June 2011

| | | | |
|---------------------------------|---|---|---|
| Equity oriented schemes ** | Nil | Nil | Nil |
| Debt schemes | 12.5% + 5% Surcharge + 3% Cess = 13.519% | 30% + 5% Surcharge + 3% Cess = 32.445% | 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% | 25% + 5% Surcharge + 3% Cess = 27.038% |

Capital Gains Taxation

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

| | | | |
|------------------------------------|--|---|--|
| Equity oriented schemes ** | Nil | Nil | Nil |
| Other than equity oriented 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% | = 21.630% | = 20.600% |

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

| | | | |
|------------------------------------|------------------------------|---|------------------------------|
| Equity oriented schemes ** | 15% + 3% Cess = 15.450% | 15% + 5% Surcharge + 3% Cess = 16.223% | 15% + 3% Cess = 15.450% |
| Other than equity oriented 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 highest tax bracket.

Tax Deducted at Source (Applicable only to NRI Investors)

| | Short term capital gains | Long term capital gains |
|------------------------------------|--------------------------|-------------------------|
| Equity oriented schemes | 15.450% | NIL |
| Other than equity oriented schemes | 30.900% | 20.600%# |

after providing for indexation

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.

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 the scheme information document carefully before investing.

1. Income Tax Rates

For Individuals, Hindu Undivided Family, Association of Persons and Body of Individuals

| Total Income | Tax Rates |
|--------------------------------------|-----------|
| Up to Rs. 180,000 ^{(a)(b)} | NIL |
| Rs. 180,001 to Rs. 500,000 | 10% |
| Rs. 500,001 to Rs. 800,000 | 20% |
| Rs. 800,001 and above ^(c) | 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 60 years or above but below 80 years, the basic exemption limit is Rs. 250,000.
- (c) In case of a resident individual of age of 80 years or above, the basic exemption limit is INR 500,000.
- (d) Surcharge is not applicable
- (e) Education cess is applicable @ 3% on income tax
- (f) 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 a futures in securities | 0.017% | Seller |
| Sale of unit of an equity oriented fund to the Mutual Fund | 0.25% | 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:

| Nature of Income | Rate (a) |
|--|---|
| Dividend (b) | 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 | For Agreements entered into: - After 31 May 1997 but before 1 June 2005 – @ 20% - After 1 June 2005 – @ 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 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, the same could be taxed at 40% (plus surcharge and education cess) on net basis.

- (2) Tax on non-resident sportsmen or sports association on specified income @ 10% plus surcharge and education cess.

4. Capital Gains

| Particulars | Short-term capital gains tax rates (a) | Long-term capital gains tax rates (a) |
|--|--|--|
| 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) |
| Partnerships (resident and non-resident) | 30% | |
| Resident Companies | 30% | |
| Overseas financial organisations specified in section 115AB | 40% (corporate) 30% (non-corporate) | 10% |
| FIs | 30% | 10% |
| Other Foreign companies | 40% | 20% / 10% |
| Local authority | 30% | 10% without indexation (for units/ zero coupon bonds) / 20% (for others) |
| Co-operative society rates | Progressive slab | |

- (a) These rates will further increase by applicable surcharge & education cess.

Personal Tax Scenarios

| 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 senior citizen (age of 60 years but below 80 years) (Earlier 65 years) | Income Level | | |
|---|--------------|-----------|-----------|
| | 500,000 | 1,000,000 | 1,500,000 |
| Current Year | 26,780 | 150,380 | 304,880 |
| Proposed Tax | 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 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 | 0 | 0 | 0 |
| Effective Tax Savings | 0% | 0% | 0% |

| Resident very senior citizen at the age of 80 years and above | 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 | Nil | 123,600 | 278,100 |
| Effective Tax Savings | 26,780 | 26,780 | 26,780 |
| Effective Tax Savings | 100% | 17.81% | 8.78% |

Disclaimer : The information set out above is included for general information purposes only and does not constitute legal or tax advice. In view of the individual nature of the tax consequences, each investor is advised to consult his or her own tax consultant with respect to specific tax implications arising out of their participation in the Scheme. Income Tax benefits to the mutual fund & to the unitholder is in accordance with the prevailing tax laws as certified by the mutual funds tax consultant. Any action taken by you on the basis of the information contained herein is your responsibility alone. Tata Mutual Fund will not be liable in any manner for the consequences of such action taken by you. The information contained herein is not intended as an offer or solicitation for the purchase and sales of any schemes of Tata Mutual Fund.