

Snapshot of Tax rates specific to Mutual Funds

The rates are applicable for the financial year 2019-20 as per Finance (No.2) Act, 2019

INCOME-TAX IMPLICATIONS ON DIVIDEND RECEIVED BY UNIT HOLDERS

	Individual/ HUF	Domestic Company	NRI
Dividend			
Equity oriented schemes	Nil	Nil	Nil
Debt oriented schemes	Nil	Nil	Nil
Rate of tax on distributed income (payable by the MF scheme)**			
Equity oriented schemes*	10% + 12% Surcharge + 4% Cess = 11.648%	10% + 12% Surcharge + 4% Cess = 11.648%	10% + 12% Surcharge + 4% Cess = 11.648%
Money market or Liquid schemes / debt schemes (other than infrastructure debt fund)	25% + 12% Surcharge + 4% Cess = 29.12%	30% + 12% Surcharge + 4% Cess = 34.944%	25% + 12% Surcharge + 4% Cess = 29.12%
Infrastructure Debt Fund	25% + 12% Surcharge + 4% Cess = 29.12%	30% + 12% Surcharge + 4% Cess = 34.944%	5% + 12% Surcharge + 4% Cess = 5.824%

* Securities transaction tax (STT) shall be payable on equity oriented mutual funds schemes at the time of redemption/switch to the other schemes/sale of units.

** For the purpose of determining the tax payable by the scheme, the amount of distributed income has to be increased to such amount as would, after reduction of tax on such increased amount, be equal to the income distributed by the Mutual Fund. In other words, the amount payable to unit holders is to be grossed up for determining the tax payable and accordingly, the effective tax rate would be higher. The above-mentioned rate is without considering the grossing up.

Surcharge mentioned in the above table is payable on base tax. Further, "Health and Education Cess" is to be levied at 4% on aggregate of base tax and surcharge.

CAPITAL GAINS TAXATION

	Individual/ HUF [§]	Domestic Company [@]	NRI [§]
Equity Oriented Schemes			
• Long Term Capital Gains (units held for more than 12 months) • Short Term Capital Gains (units held for 12 months or less)			
Long term capital gains	10%*	10%*	10%*
Short term capital gains	15%	15%	15%
Other Than Equity Oriented Schemes			
• Long Term Capital Gains (units held for more than 36 months) • Short Term Capital Gains (units held for 36 months or less)			
Long term capital gains	20% [^]	20% [^]	Listed - 20% [^] Unlisted - 10% ^{**}
Short term capital gains	30% [^]	30% ^{^^} /25% ^{^^^}	30% [^]

Tax Deducted at Source (Applicable to NRI Investors)[#]		
	Short term capital gains [§]	Long term capital gains [§]
Equity oriented schemes	15%	10%*
Other than equity oriented schemes	30% [^]	10% ^{**} (for unlisted) & 20% [^] (for listed)

* Income-tax at the rate of 10% (without indexation benefit) on long-term capital gains exceeding Rs. 1 lakh provided transfer of such units is subject to STT.

§ Finance (No.2) Act, 2019 provides for surcharge at:

• 37% on base tax where income exceeds Rs. 5 crore; • 25% where income exceeds Rs. 2 crore but does not exceed Rs. 5 crore; • 15% where income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and • 10% where income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore.

Further, "Health and Education Cess" to be levied at the rate of 4% on aggregate of base tax and surcharge.

@ Surcharge at 7% on base tax is applicable where income of domestic corporate unit holders exceeds Rs 1 crore but does not exceed 10 crores and at 12% where income exceeds 10 crores. Further, "Health and Education Cess" to be levied at the rate of 4% on aggregate of base tax and surcharge.

Short term/ long term capital gain tax (along with applicable Surcharge and "Health and Education Cess") will be deducted at the time of redemption of units in case of NRI investors.

& After providing indexation.

** Without indexation.

^ Assuming the investor falls into highest tax bracket.

^^ This rate applies to companies other than companies engaged in manufacturing business who are taxed at lower rate subject to fulfillment of certain conditions.

^^^ If total turnover or gross receipts during the financial year 2017-18 does not exceed Rs. 400 crores.

Further, the domestic companies are subject to minimum alternate tax not specified in above tax rates.

Transfer of units upon consolidation of mutual fund schemes of two or more schemes of equity oriented fund or two or more schemes of a fund other than equity oriented fund in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.

Transfer of units upon consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.

Relaxation to non-residents from deduction of tax at higher rate in the absence of PAN subject to them providing specified information and documents.

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 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 ^{(a)(b)}	NIL
Rs. 250,001 to Rs. 500,000 ^{(d)(e)}	5%
Rs. 500,001 to Rs. 1,000,000 ^(d)	20%
Rs. 1,000,001 and above ^{(c)(d)}	30%

- (a) In 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) Finance (No.2) Act, 2019 provides for surcharge at: • 37% on base tax where income exceeds Rs. 5 crore; • 25% where income exceeds Rs. 2 crore but does not exceed Rs. 5 crore • 15% where income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and • 10% where income exceeds Rs 50 lakhs but does not exceed Rs. 1 crore. Marginal relief for such person is available.
- (d) Health and Education cess @ 4% on aggregate of base tax and surcharge.
- (e) Finance Act, 2019 provides a rebate of lower of actual tax liability or Rs. 12,500 (against earlier rebate of Rs. 2,500) in case of individuals having total income not exceeding Rs. 500,000 (against earlier income of Rs. 350,000).

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 (delivery based)	0.1%	Purchaser/Seller
Purchase of units of equity oriented mutual fund	Nil	Purchaser
Sale of units of equity oriented mutual fund (delivery based)	0.001%	Seller
Sale of equity shares, units of business trust, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.05%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.01%	Seller
Sale of units of an equity oriented fund to the Mutual Fund	0.001%	Seller
Sale of unlisted equity shares and units of business trust under an initial offer	0.2%	Seller

3. Special rates for non-residents as per domestic provisions

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

Transaction	Rates ^(a)
Dividend ^(b)	20%
Interest received on loans given in foreign currency to Indian concern or Government of India (not being interest referred to in section 194LB or section 194LC)	20%
Income received in respect of units purchased in foreign currency of specified Mutual Funds / UTI	20%
Royalty or fees for technical services ^(c)	10%
Interest income from a notified infrastructure debt fund, specified loan agreement, specified long-term bonds, rupee denominated bonds and business trust	5%
Interest on FCCB, Dividend on GDRs ^(b)	10%

- (a) These rates will be further increased by applicable surcharge and health 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 is taxable at 40% (plus applicable surcharge and health and education cess) on net basis.
- (d) Finance (No.2) Act, 2019 provides for exemption on interest payable to a non-resident in respect of monies borrowed by any Indian company or business trust from a source outside India by way of issue of rupee denominated bond during the period 17 September 2018 to 31 March 2019.
- (2) Tax on non-resident sportsmen or sports association on specified income @ 20% plus applicable surcharge and health and education cess.

4. Capital Gains rates applicable to unit holders as per domestic provisions

Transaction	Short-term capital gains ^(a)	Long-term capital gains ^{(a)(b)}
Sale transactions of equity shares/ unit of an equity oriented fund which attract STT	15%	10%*
Sale transaction other than mentioned above:		
Individuals (resident and non-residents)	Progressive slab rates	20% / 10% ^(c)
Firms	30%	
Resident companies	30% ^(d) /25% ^(e)	
Overseas financial organizations specified in section 115AB	40% (corporate) 30% (non corporate)	10%
FIs	30%	10%
Foreign companies other than ones mentioned above	40%	20% / 10% ^(c)
Local authority	30%	20% / 10%
Co-operative society rates	Progressive slab	

* Income-tax at the rate of 10% (without indexation benefit) on long-term capital gains exceeding Rs. 1 lakh.

- (a) These rates will further increase by applicable surcharge & health and education cess.
- (b) Indexation benefit wherever applicable.
- (c) Long term capital gains arising to a non-resident from transfer of unlisted securities or shares of a company, not being a company in which the public are substantially interested, subject to 10 per cent tax (without benefit of indexation and foreign currency fluctuation).
- (d) This rate applies to companies other than companies engaged in manufacturing business who are to be taxed at lower rate subject to fulfillment of certain conditions.
- (e) If total turnover or gross receipts of the financial year 2017-18 does not exceed Rs. 400 crores.

5. Dividend Income:

Additional tax of 10% (plus applicable surcharge and health and education cess) is applicable in case of all resident tax payers, excluding domestic companies and few other specified entities for dividend income of more than Rs. 10,00,000 received from a domestic company or companies.

Personal Tax Scenarios (Amount in Rupees)

Individual	Total Income				
	1,000,000	5,500,000	11,000,000	21,000,000	51,000,000
Tax in FY 2018-19	117,000	1,673,100	3,722,550	73,10,550	18,074,550
Tax in FY 2019-20	117,000	1,673,100	3,722,550	7,946,250	21,532,290
Additional Tax Burden/ (Savings)	NA	NA	NA	635,700	3,457,740
Additional Tax Burden/ (Savings) (%)	NA	NA	NA	8.70%	19.13%

Resident senior citizen (age of 60 years but below 80 years)	Total Income				
	1,000,000	5,500,000	11,000,000	21,000,000	51,000,000
Tax in FY 2018-19	114,400	1,670,240	3,719,560	7,307,560	18,071,560
Tax in FY 2019-20	114,400	1,670,240	3,719,560	7,943,000	21,528,728
Additional Tax Burden/ (Savings)	NA	NA	NA	635,440	3,457,168
Additional Tax Burden/ (Savings) (%)	NA	NA	NA	8.70%	19.13%

Resident very senior citizen at the age of 80 years and above	Total Income				
	1,000,000	5,500,000	11,000,000	21,000,000	51,000,000
Tax in FY 2018-19	104,000	1,658,800	3,707,600	7,295,600	18,059,600
Tax in FY 2019-20	104,000	1,658,800	3,707,600	7,930,000	21,514,480
Additional Tax Burden/ (Savings)	NA	NA	NA	634,000	3,454,880
Additional Tax Burden/ (Savings) (%)	NA	NA	NA	8.70%	19.13%

Marginal relief as applicable would be available

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 unit holder 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.