

Tax Reckoner 2026–27

Snapshot of Income–tax rates specific to Mutual Funds

The rates are applicable for the tax year 2026–27 subject to enactment of Finance Bill, 2026

Capital Gains Taxation for Mutual Funds

| | Individual/ HUF [§] | Domestic Company [@] | NRI ^{##} |
|--|------------------------------|-------------------------------|-----------------------|
| Equity Oriented Schemes (minimum 65 percent is invested in listed equity shares of domestic companies) • Long Term Capital Gains (> 12 months) • Short Term Capital Gains (< or equal to 12 months) | | | |
| Long term capital gains* | 12.5%** | 12.5%** | 12.5%** |
| Short term capital gains | 20%** | 20%** | 20%** |
| Other Than Equity Oriented Schemes[§] • Long Term Capital Gains (> 24 months** or > 12 months for listed units such as Gold and Silver ETFs) • Short Term Capital Gains (< or equal to 24 months** or < or equal to 12 months for listed units such as Gold and Silver ETFs) | | | |
| Long term capital gains (Not applicable for specified mutual fund schemes – Note 1) | 12.5%** | 12.5%** | 12.5%** |
| Short term capital gains – (Including specified mutual fund schemes – Note 1) | Applicable slab rates | Applicable rates | Applicable slab rates |

[§] This includes schemes such as Gold and Silver Exchange Traded Fund (ETF), Gold and Silver Fund of Fund.

Income–tax implications on income in respect of units of a Mutual Fund

| Type of Investor | Withholding Tax Rate |
|------------------|--|
| Resident**** | 10%* |
| NRI | 20%** or rate as per applicable tax treaty*** (whichever is lower) |

Income Tax Rates

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

Old Regime

| Total Income (₹) | Tax Rates |
|---|-----------|
| Up to Rs. 2,50,000 ^{(a) (b)} | NIL |
| Rs. 2,50,001 to Rs. 5,00,000 ^{(d) (e)} | 5% |
| Rs. 5,00,001 to Rs. 10,00,000 ^(d) | 20% |
| Rs. 10,00,001 and above ^{(c)(d)} | 30% |

New Regime

| Total Income (₹) | Tax Rates |
|-----------------------------|-----------|
| Up to 4,00,000 | NIL |
| From 4,00,001 to 8,00,000 | 5% |
| From 8,00,001 to 12,00,000 | 10% |
| From 12,00,001 to 16,00,000 | 15% |
| From 16,00,001 to 20,00,000 | 20% |
| From 20,00,001 to 24,00,000 | 25% |
| Above 24,00,000 | 30% |

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 | 0.15% | Seller |
| Sale of an option in securities, where option is exercised | 0.15% | Purchaser |
| Sale of a futures in securities | 0.05% | Seller |
| Sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal, with respect to unit linked insurance policy issued by such insurance company on or after the first day of February, 2021 | 0.001% | 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 |

Capital Gains

| Transaction | Short-term capital gains ^(a) | Long-term capital gains ^{(a)**} |
|--|---|--|
| Sale transactions of equity shares/ unit of an equity oriented fund which attract STT | 20% | 12.5%* |
| Sale transactions of units of specified mutual fund as defined earlier acquired on or after 1st April 2023 | Slab rates | NA |
| Sale transaction other than mentioned above: | | |
| Individuals (resident and non-residents) | Progressive slab rates | 12.5% |
| Firms | 30% | |
| Resident companies | 30% /25% ^(b) /22% ^(c) /15% ^(d) | |
| Overseas financial organizations specified in section 208 | 35% (corporate) 30% (non corporate) | 12.5% |
| FPIs (other than gains under section 196 and section 198) | 30% | 12.5% |
| Foreign companies other than ones mentioned above | 35% | 12.5% |
| Local authority | 30% | 12.5% |
| Co-operative society rates | Progressive slab or 22% ^(e) / 15% ^(f) | |

Notes: Capital Gains Taxation for Mutual Funds

Note 1 – Capital gains from transfer of units of “specified mutual fund schemes” acquired on or after 1st April 2023 are treated as short term capital gains taxable at applicable slab rates as provided above irrespective of the period of holding of such mutual fund units. For this purpose, “specified mutual fund” means (a) a Mutual fund which invests more than 65% of its total proceeds in debt and money market instruments; or (b) a fund which invests 65% or more of its total proceeds in units of a fund referred to in above sub-clause (a).

* Rate of 12.5% to be levied on long-term capital gains exceeding Rs. 1.25 lakh provided Securities Transaction Tax (‘STT’) is paid on transfer of such units.

\$ Plus applicable Surcharge and “Health and Education Cess” (refer below notes on Old and New Regime).

** For gains on transfer/redemption (without indexation benefit and foreign exchange fluctuation). For determining nature of gains (i.e. long term or short term) on mutual fund unit listed on recognized stock exchange in India, period of holding of 12 months is to be considered.

@ Surcharge at 7% on base tax is applicable where total income of domestic corporate unit holders exceeds Rs 1 crore but does not exceed 10 crores and at 12% where total income exceeds 10 crores. However, surcharge at flat rate of 10 percent to be levied on base tax for the companies opting for lower rate of tax of 22%/15%. 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 applicable rate at the time of redemption of units in case of NRI investors. Tax treaty benefit can be claimed for withholding tax on capital gains subject to fulfillment of stipulated conditions.

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

Relaxation to non-residents from deduction of tax at higher rate (except income distributed by mutual fund) in absence of PAN subject to providing specified information and documents.

Notes: Income-tax implications on income in respect of units of a Mutual Fund

* Tax is not deductible if income in respect of units of a mutual fund is below Rs. 10,000 in a tax year.

** Plus applicable Surcharge and “Health and Education Cess” (refer below notes on Old and New Regime).

*** The income distributed by mutual fund to unitholders is unlikely to fall within definition of dividend under tax treaty. Given this and language of section 393(2) [Table: S.No. 10] read with Note 2, claiming tax treaty benefit in respect of income distributed by mutual fund to unitholders for withholding tax purpose may not be possible.

**** In the case of a resident person, if PAN has become inoperative due to PAN – Aadhaar not being linked, tax could be withheld at a higher rate of 20%.

Notes: Income Tax Rates – Old Regime

- (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. 3,00,000.
- (b) In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs 5,00,000.
- (c) Rate of surcharge:
 - 37% – specified income* exceeds Rs. 5 crore;
 - 25% – specified income* exceeds Rs. 2 crore upto Rs. 5 crore
 - 15% – total income exceeds Rs. 1 crore upto Rs. 2 crore; and
 - 10% – total income exceeds Rs 50 lakhs upto Rs. 1 crore.
- (d) Health and Education cess @ 4% on aggregate of base tax and surcharge.
- (e) Resident individuals having total income upto Rs. 5,00,000 can avail rebate of 12,500 or actual tax liability whichever is lower.

Notes: Income Tax Rates – New Regime

- a) For adopting New Regime, most of the deductions/exemptions such as section 123, 126, etc. are to be foregone. However, standard deduction of Rs. 75,000 against salary income is allowed. The aforesaid regime is default unless opted out.
- b) Resident individuals having total income not exceeding Rs. 12,00,000 can avail rebate of 60,000 or actual tax liability whichever is lower.
- c) Rate of surcharge:
 - 25% – specified income* exceeds Rs. 2 crore
 - 15% – total income exceeds Rs. 1 crore upto Rs. 2 crore; and
 - 10% where total income exceeds Rs 50 lakhs upto Rs. 1 crore.
 In case of AOP, consisting of only companies as its members, the rate of surcharge not to exceed 15%.
 *Specified income – Total income excluding income by way of dividend on shares and (short term capital gains in case of listed equity shares, equity oriented mutual fund units, units of business trust) and long-term capital gains.
- d) Health and Education cess @ 4% on aggregate of base tax and surcharge.

Notes: Capital Gains

* Long-term capital gains exceeding Rs. 1.25 lakh will be taxable at 12.5%** (without indexation benefit and foreign exchange fluctuation)

** For determining nature of gains (i.e. long term or short term) on mutual fund unit listed on recognized stock exchange in India, period of holding of 12 months is to be considered.

- (a) These rates will further increase by applicable surcharge & health and education cess.
- (b) If total turnover or gross receipts in the tax year 2024–25 does not exceed Rs. 400 crores.
- (c) This lower rate is optional and subject to fulfillment of certain conditions as provided in section 200.
- (d) This lower rate is optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfillment of certain conditions as provided in section 201.
- (e) Co-operative societies have the option to be taxed at progressive slab rates or 22% subject to fulfillment of certain conditions as provided in section 203.
- (f) This lower rate is optional for co-operative societies engaged in manufacturing or production business (set-up & registered on or after 1 April 2023) subject to fulfillment of certain conditions as provided in section 204.

Disclaimers

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. There are no guaranteed or assured returns under any of the scheme of Tata Mutual Fund.