

Tax Rules for Mutual Fund Investors* as per Finance Bill 2011

EQUITY ORIENTED SCHEMES

	Short Term Capital Gains Tax		Long Term Capital Gains Tax		Dividend Income		Dividend Distribution Tax		Tax Deducted at Source (TDS)	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Resident Individual / HUF	15%	15%	Nil	Nil	Tax Free	Tax Free	Nil	Nil	Nil	Nil
Resident Partnership Firms / AOP / BOI										
Domestic Companies										
NRIs									STCG-15%^ LTCG-Nil	STCG-15%^ LTCG-Nil

OTHER SCHEMES

	Short Term Capital Gains Tax		Long Term Capital Gains Tax		Dividend Income		Dividend Distribution Tax - Other than Liquid / Money Market Instruments			Dividend Distribution Tax - Liquid / Money Market Instruments			TDS	
	2010-11 [®]	2011-12 [®]	2010-11 [®]	2011-12 [®]	2010-11 [®]	2011-12 [®]	2010-2011	2011-2012		2010-2011	2011-2012		2010-11	2011-12
								Upto 31 May 2011	From 1 June 2011		Upto 31 May 2011	From 1 June 2011		
Resident Individual / HUF	As per slab	As per slab	10% (20% with indexation)	10% (20% with indexation)	Tax Free	Tax Free	13.840% (12.50% plus 7.5% surcharge plus 3% education cess)	13.51875% (12.50% plus 5% surcharge plus 3% education cess)	13.51875% (12.50% plus 5% surcharge plus 3% education cess)	27.681% (25% plus 7.5% surcharge plus 3% education cess)	27.0375% (25% plus 5% surcharge plus 3% education cess)	27.0375% (25% plus 5% surcharge plus 3% education cess)	Nil	Nil
Resident Partnership Firm / AOP / BOI	30%	30%					22.14% (20% plus 7.5% surcharge plus 3% education cess)	21.63% (20% plus 5% surcharge plus 3% education cess)	32.445% (30% plus 5% surcharge plus 3% education cess)	27.681% (25% plus 7.5% surcharge plus 3% education cess)	27.0375% (25% plus 5% surcharge plus 3% education cess)	32.445% (30% plus 5% surcharge plus 3% education cess)		
Domestic Companies							22.14% (20% plus 7.5% surcharge plus 3% education cess)	21.63% (20% plus 5% surcharge plus 3% education cess)	32.445% (30% plus 5% surcharge plus 3% education cess)	27.681% (25% plus 7.5% surcharge plus 3% education cess)	27.0375% (25% plus 5% surcharge plus 3% education cess)	32.445% (30% plus 5% surcharge plus 3% education cess) [®]		
NRIs	As per slab	As per slab					13.840% (12.50% plus 7.5% surcharge plus 3% education cess)	13.51875% (12.50% plus 5% surcharge plus 3% education cess)	13.51875% (12.50% plus 5% surcharge plus 3% education cess)	27.681% (25% plus 7.5% surcharge plus 3% education cess)	27.0375% (25% plus 5% surcharge plus 3% education cess)	27.0375% (25% plus 5% surcharge plus 3% education cess)		

*Resident Individuals, Hindu Undivided Family (HUF), Body of Individuals (BOI), Association of Persons (AOP), Domestic companies and NRIs.

[^]Plus applicable surcharge, if any, and Secondary and Higher Education Cess.

[®]**Surcharge** : The Finance Bill 2011 proposes to reduce the surcharge rate of 7.5% to 5% for domestic companies having total income exceeding ₹ 1 crore.

Secondary and Higher Education Cess: Secondary and Higher Education cess to be levied at the rate of 3% calculated on tax payable plus applicable surcharge.

PERSONAL INCOME TAX STRUCTURE (As per Finance Bill 2011)	
Total Income	Tax Rates (d) (e)
Up to ₹ 1,80,000 (a)(b)(c)	NIL
₹ 1,80,001 to ₹ 5,00,000	10%
₹ 5,00,001 to ₹ 8,00,000	20%
₹ 8,00,001 and above	30%

(a) In the case of a resident woman below the age of 60 years, the basic exemption limit is ₹ 1,90,000.
 (b) In the case of a resident individual of the age of 60 years or more, but less than 80 years, the basic exemption limit is ₹ 2,50,000.
 (c) In the case of a resident individual of the age of 80 years or above, the basic exemption limit is ₹ 5,00,000.
 (d) Surcharge is not applicable.
 (e) Education cess is applicable at 3 per cent on income tax.

WEALTH TAX & GIFT TAX FOR MF UNITS	
Wealth Tax	MF units are exempt
Gift Tax	MF Units are exempt
Income Tax units provisions on clubbing/ gift of Units	
Dividend Income	As dividend is tax free in hands of holders, hence no tax applicable on either Donee or Donor
Short Term / Long Term Capital Gain / Loss	If the transferee or donee is <ul style="list-style-type: none"> • Spouse, Son's wife or minor son: gain/loss clubbed with that of the donor of units • Other independent donee: gain/loss treated as donee's gain/loss and not clubbed with that of donor
Other Income	Where units are received for a consideration and such consideration is less fair market value of the units by an amount exceeding ₹ 50,000 (subject to specified exclusions), the fair market value reduced by the consideration received, would be taxable as income from other sources

SECURITIES TRANSACTION TAX	
Equity Oriented Fund : 0.25% of redemption value	Other than Equity Oriented Fund : Exempt from securities transaction tax
Mutual Fund would also pay securities transaction tax wherever applicable on the securities bought/sold	

As per Section 94(7)
 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.

As per Section 94(8)
 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.

Important disclosures & risk factors

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