

Taxation on Incomes from the Mutual Funds in India
(Financial year ending on March 31, 2021)

(A) Income Tax on the Incomes*

* **Income Tax is to be paid by unit holders (Investors) on the Incomes received (other than dividend) at the time of redemption (sale) / switch to other scheme of the units**

S.No	Particulars	Individual/ HUF*	Domestic Company*	NRIs*
(a)	On Equity Oriented Schemes			
	(a) Long Term Capital Gains●	10%	10%	10% without indexation
	(b) Short Term Capital Gains●●	15%	15%	15%
(b)	Other than Equity Oriented Schemes			
	(a) Long Term Capital Gains●●●	20%	20%	10% without indexation
	(b) Short Term Capital Gains●●●●	30%	30% / 25%	30%

(B) Tax Deducted at Source (TDS) on the Incomes

TDS is to be deducted by Mutual Funds on the Payments against the dividend Incomes

S.No	Particular	Individual/HUF	Domestic Company	NRIs
(a)	On Equity Oriented Schemes			
	(a) Long Term Capital Gains	0%	0%	10% without indexation
	(b) Short Term Capital Gains	0%	0%	15%
(b)	Other than Equity Oriented Scheme			
	(a) Long Term Capital Gains	0%	0%	Listed 20% with indexation
				Unlisted 10% without indexation
	(b) Short Term Capital Gains	0%	0%	30%

- Rate of Income Tax plus applicable surcharge + 4% Health and Education cess

- **Long** Term Capital Gains where units of **equity** oriented scheme are held for **more** than 12 months
- **Short** Term Capital Gains where units of **equity** oriented scheme are held for **less** than 12 months
- **Long** Term Capital Gains where units of **other** than equity oriented scheme are held for **more** than 36 months
- **Short** Term Capital Gains where units of **other** than equity oriented scheme are held for **less** than 36 months

(D) Miscellaneous Clarifications/ Explanations

- (I) **Long** Term Capital Gains base tax @10% on **equity** oriented scheme is permitted **without** indexation benefits where gain is exceeding Rs 1 Lacs in a Financial year and also STT is paid on sale / transfer of units
- (II) **Surcharge** on the incomes of an **individual** or **HUF** is applicable @10% and 15% where incomes are exceeding Rs 50 Lacs and 1 crore respectively
- (III) **Surcharge** on the incomes of a **Domestic** Company is applicable @7% and 12% where incomes are exceeding Rs 1 crore and 10 crores respectively
- (IV) **TDS** is deductible on short or long term capital gains at the time of **redemption** of units by **NRI** only
- (V) Base income tax @25% is applicable where **domestic** company's turnover or gross receipts are **not** exceeding 250 crores in financial year ending on March 31, 201
- (VI) **MAT** (Minimum Alternate Tax) is applicable on the **domestic** companies
- (VII) Securities Transaction Tax (**STT**) is payable on **equity** oriented mutual funds schemes at the time of **redemption**, switch to the other schemes or sale of units
- (VIII) Amount payable to the unit holders is to be **grossed up** for determining the **tax payable**. Henceforth **effective** taxable amount is to be **higher** in comparison to the tax rate is applied **without** considering the **grossing up**

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