

## Snapshot of Tax Rates specific to Mutual Funds - FY 2020-21 AY 2021-22

Tax Deducted at Source on Dividend distributed to Unitholder			
	Individual/ HUF\$	Domestic Company@	NRI\$!
Equity oriented schemes	10%	10%	20%
Other than Equity oriented schemes	10%	10%	20%

The Finance Act 2020 has abolished income distribution tax and instead proposed to tax income from mutual fund units in the hands of the unit holders.

! Mutual funds are required to withhold tax on income in respect of units at the rate of 10% on income (in excess of INR 5,000) paid to a Resident & 20% on any income paid to a Non-Resident.

Dividend Income is taxable in the hands of investor as per applicable tax rates/slab rates.

### Capital Gains Taxation

EQUITY ORIENTED SCHEMES**			
	Individual/ HUF\$	Domestic Company@	NRI\$ #
Short term capital gains (units held for 12 months or less)	15%	15%	15%
Long term capital gains (units held for more than 12 months)	10%*	10%*	10%*

OTHER THAN EQUITY ORIENTED SCHEMES			
	Individual/ HUF\$	Domestic Company@	NRI\$ #
Short term capital gains (units held for 36 months or less)	30%^	30% / 25%^ / 22%^ / 15%^	30%^
Long term capital gains (units held for more than 36 months)	20% with indexation	20% with indexation	Listed - 20% with indexation Unlisted - 10% without indexation

Tax Deducted at Source (Applicable only to NRI investors)\$#		
	Equity oriented schemes**	Other than equity oriented schemes
Short term capital gains	15%	30%^
Long term capital gains	10%	Listed - 20% with indexation Non - listed - 10% without indexation

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

# Short term/ long-term capital gain tax will be deducted at the time of redemption / switch out of units in case of NRI investors only.

Where the gains are long term in nature, the deduction of tax will be after providing the indexation benefit.

\$Surcharge is applicable as follows:

- > 10% of the tax payable to be levied on individuals /HUFs or AOP's or BOIs whose total income exceeds Rs 50 lakhs but does not exceed Rs 1 crore.
- > 15% of the tax payable to be levied on individuals / HUFs or AOP's or BOIs whose total income exceeds Rs. 1 Cr but does not exceed Rs. 2 Cr.
- > 25% of the tax payable to be levied on individuals / HUFs or AOP's or BOIs whose total income exceeds Rs. 2 Cr but does not exceed Rs. 5 Cr.
- > 37% of Base tax where specified income exceeds Rs. 5 crores.

Specified income – Total income excluding income under the provisions of section 111A and 112A of the Act. Further, Health and Education cess to be levied at the rate of 4% on aggregate of base tax and surcharge.

@ Surcharge at 7% to be levied for domestic corporate unit holders where income exceeds Rs 1 crore but less than Rs. 10 crores and at 12%, where income exceeds Rs. 10 crores. In case of Partnership firm, surcharge at 12% is applicable, where the income exceeds Rs.1 crore. If the income does not exceed Rs. 1 crore, the surcharge is NIL

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% as explained below.

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

\*\* Securities transaction tax (STT) will be deducted on equity funds at the time of redemption / switch out to the other schemes.

^ Assuming the investor falls into highest tax bracket

^^ If total turnover or gross receipts in the financial year 2019-20 does not exceed Rs. 400 crores.

^^^ This lower rate is optional and subject to fulfillment of certain conditions as provided in section 115BAA.

^^^^ 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 115BAB.

#### Additional notes:

In case of consolidation of plans within a scheme of mutual fund (not regarded as a taxable transfer):

- Cost of acquisition of units in the consolidating plan deemed to be cost of acquisition of the units in the consolidated plan.
- Period of holding of units in the consolidated scheme to include the period of holding of units in the consolidating scheme

If a company decides to opt for the new taxation regime as per the Taxation Law Amendment Act, 2019, then tax shall be levied at the rate of 22%.

#### Taxability of segregated portfolios of a mutual fund scheme

- The period of holding for units in the segregated portfolio to be reckoned from the period for which the original units in the main portfolio were held by the taxpayer
- Acquisition cost of units in segregated portfolio to be proportionate to the NAV of assets transferred to the segregated portfolio to the NAV of the total portfolio immediately before the segregation. The cost of acquisition of the original units in the main portfolio to be reduced by the acquisition cost of units in the segregated portfolio

Baroda Asset Management India Limited will not be liable in any manner for the consequence of any action taken by the investors on basis of the information contained herein. The above is for understanding the tax implications generally. Investors are advised to consult their Tax Advisor for tax matters



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For individual nature of tax implications, investors are requested to consult their tax advisors before investing

**Mutual Funds are subject to market risk. Read the offer document before investing**