

TAX IMPLICATION FOR MUTUAL FUND

Snapshot of Tax Rates specific to Mutual Funds

The rates are applicable for the financial year 2015-16

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
Tax on distributed income (payable by the scheme) rates **			
Equity oriented schemes*	Nil	Nil	Nil
Money market and Liquid schemes	25% + 12% Surcharge + 3% Cess = 28.84%	30% + 12% Surcharge + 3% Cess = 34.608%	25% + 12% Surcharge + 3% Cess = 28.84%
Debt schemes (other than infrastructure debt fund)	25% + 12% Surcharge + 3% Cess = 28.84%	30% + 12% Surcharge + 3% Cess = 34.608%	25% + 12% Surcharge + 3% Cess = 28.84%
Infrastructure Debt Fund	25% + 12% Surcharge + 3% Cess = 28.84%	30% + 12% Surcharge + 3% Cess = 34.608%	5% + 12% Surcharge + 3% Cess = 5.768%

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

** With effect from 1 October 2014, for the purpose of determining the tax payable, the amount of distributed income has to be increased to such amount as would, after reduction of tax from such increased amount, be equal to the income distributed by the Mutual Fund.

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	Nil	Nil	Nil
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%	30% ^

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

§ Surcharge at 12% to be levied in case of individual/ HUF unit holders where their income exceeds Rs 1 crore.

@ 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.

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

& After providing indexation.

* Without indexation

^ Assuming the investor falls into highest tax bracket.

Education Cess at 3% will continue to apply on tax plus surcharge.

The Finance Bill, 2015 proposes to provide tax exemption to unit holders upon consolidation or merger of mutual fund schemes, provided consolidation is of two or more schemes of equity oriented fund or two or more schemes of a fund other than equity oriented fund.

Dividend Stripping: The loss due to sale of units in the schemes (where dividend is tax free) will not be available for set off 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.

TAX IMPLICATION FOR MUTUAL FUND

Snapshot of Tax Rates specific to Mutual Funds

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)(d)}	NIL
Rs. 250,001 to Rs. 500,000 ^(d)	10%
Rs. 500,001 to Rs. 1,000,000 ^(d)	20%
Rs. 1,000,001 and above ^{(c)(d)}	30%

- (a) In the 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) Surcharge @ 12% is applicable on income exceeding Rs 1 crore; Marginal relief for such person is available
- (d) Education cess is applicable @ 3% on income tax plus surcharge

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	0.1%	Purchaser/ Seller
Purchase of units of equity oriented mutual fund	Nil	Purchaser
Sale of units of equity oriented mutual fund	0.001%	Seller
Sale of equity shares, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.017%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.010%	Seller
Sale of units of an equity oriented fund to the Mutual Fund	0.001%	Seller

3. Special rates for non-residents

- (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.	20%
Income received in respect of units purchased in foreign currency of specifies Mutual Funds / UTI	20%
Royalty or fees for technical services	10%
Interest income from a notified infrastructure debt fund	5%
Interest on FCCB, FCEB / Dividend on GDRs ^(b)	10%

- (a) These rates will further increase by applicable surcharge 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 could be taxed at 40% (plus applicable surcharge and education cess) on net basis.

- (2) Tax on non-resident sportsmen or sports association on specified income @ 10% plus applicable surcharge and education cess.

4. Capital Gains

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%	Nil
Sale transaction other than mentioned above:		
Individuals (resident and non-residents)	Progressive slab rates	20% / 10%
Partnerships (resident and non-residents)	30%	
Resident companies	30%	
Overseas financial organizations specified in section 115AB	40% (corporate) 30% (non corporate)	10%
FIs	30%	10%
Other Foreign companies	40%	20% / 10%
Local authority	30%	20% / 10%
Co-operative society rates	Progressive slab	

- (a) These rates will further increase by applicable surcharge & education cess.
- (b) Indexation benefit, as applicable.

Personal Tax Scenarios (Amount in Rupees)

Individual	Income Level		
	500,000	5,000,000	11,000,000
Tax in FY 2014-15	25,750	1,364,750	3,540,625
Tax in FY 2015-16	25,750	1,364,750	3,605,000
Effective Tax Savings	NA	NA	NA
Effective Tax Savings (%)	NA	NA	NA
Additional Tax Burden	NA	NA	64,375
Additional Tax Burden (%)	NA	NA	1.82%

Resident senior citizen (age of 60 years but below 80 years)	Income Level		
	500,000	5,000,000	11,000,000
Tax in FY 2014-15	20,600	1,359,600	3,534,960
Tax in FY 2015-16	20,600	1,359,600	3,599,232
Effective Tax Savings	NA	NA	NA
Effective Tax Savings (%)	NA	NA	NA
Additional Tax Burden	NA	NA	64,272
Additional Tax Burden (%)	NA	NA	1.82%

Resident very senior citizen at the age of 80 years and above	Income Level		
	500,000	5,000,000	11,000,000
Tax in FY 2014-15	Nil	1,339,000	3,512,300
Tax in FY 2015-16	Nil	1,339,000	3,576,160
Effective Tax Savings	NA	NA	NA
Effective Tax Savings (%)	NA	NA	NA
Additional Tax Burden	NA	NA	63,860
Additional Tax Burden (%)	NA	NA	1.82%

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.