

# Tax Reckoner 2015-16

The rates are applicable for the financial year 2015-16.

## Tax Implications on Dividend received by Unit holders from a Mutual Fund

	Individual/ HUF	Domestic Company	NRI
<b>Dividend</b>			
All schemes	Tax Free		
<b>Tax on distributed income (payable by the scheme) rates**</b>			
Equity oriented schemes*	Nil	Nil	Nil
Infrastructure Debt Fund ('IDF')	25% + 12% Surcharge + 3% Cess	30% + 12% Surcharge + 3% Cess	5% + 12% Surcharge + 3% Cess
	= 28.84%	= 34.608%	= 5.768%
Other than equity oriented schemes and IDF	25% + 12% Surcharge + 3% Cess	30% + 12% Surcharge + 3% Cess	25% + 12% Surcharge + 3% Cess
	= 28.84%	= 34.608%	= 28.84%

\* Securities transaction tax (STT) will be deducted on equity oriented scheme at the time of redemption/ switch to the other schemes/ sale of units. Mutual Fund would also pay securities transaction tax wherever applicable on the securities sold.

\*\* For the purpose of determining the tax payable, the amount of distributed income 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. The impact of the same has not been reflected above.

## Capital Gains Taxation

	Individual/ HUF \$	Domestic Company @	NRI \$/ #
<b>Long Term Capital Gains</b>			
Equity oriented schemes	Units held for more than 12 months		
	Nil	Nil	Nil
Other than equity oriented schemes	Units held for more than 36 months		
	Listed	20% with indexation + 12% Surcharge + 3% Cess	20% with indexation + Surcharge as applicable + 3% Cess
	= 23.072%	= 22.042% or 23.072%	= 23.072%
Unlisted	20% with indexation + 12% Surcharge + 3% Cess	20% with indexation + Surcharge as applicable + 3% Cess	10% without indexation + 12% Surcharge + 3% Cess
	= 23.072%	= 22.042% or 23.072%	= 11.536%
<b>Short Term Capital Gains</b>			
Equity oriented schemes	Units held for 12 months or less		
	15% + 12% Surcharge + 3% Cess	15% + Surcharge as applicable + 3% Cess	15% + 12% Surcharge + 3% Cess
	= 17.304%	= 17.304% or 16.5315%	= 17.304%
Other than equity oriented schemes	Units held for 36 months or less		
	30% + 12% Surcharge + 3% Cess	30% + Surcharge as applicable + 3% Cess	30% + 12% Surcharge + 3% Cess
	= 34.608%	= 34.608% or 33.063%	= 34.608%

<b>Tax Deducted at Source (Applicable only to NRI Investors)</b>		
	<b>Short term capital gains</b>	<b>Long term capital gains</b>
Equity oriented schemes	17.304%	Nil
Other than equity oriented schemes (Listed)	34.608%^	23.072%
Other than equity oriented schemes (Unlisted)	34.608%^	11.536%

\$ - Surcharge at the rate of 12% is levied in case of individual/ HUF unit holders where their income exceeds Rs 1 crore.

@ - Surcharge at the rate of 7% is levied for domestic corporate unit holders where the income exceeds Rs 1 crore but less than Rs 10 crores and at the rate of 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.

^ - Assuming the investor falls into highest tax bracket.

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

The Finance Act, 2015 provides 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 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.

**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.

## 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 <sup>(a) (b)</sup>	NIL
Rs. 250,001 to Rs. 500,000 <sup>(c) (d)</sup>	10%
Rs. 500,001 to Rs. 1,000,000 <sup>(d)</sup>	20%
Rs. 1,000,001 and above <sup>(d) (e)</sup>	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) A rebate of Rs.2,000 for individual having total Income upto Rs. 5 lakhs
- (d) Education cess is applicable @ 3% on income tax plus surcharge
- (e) Surcharge @ 12% is applicable on income exceeding Rs 1 crore; Marginal relief for such person is available

## 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 (delivery based )	Nil	Purchaser
Sale of units of equity oriented mutual fund (delivery based )	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 <sup>(a)</sup>
Dividend <sup>(b)</sup>	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 specified 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 @ 20% plus applicable surcharge and education cess.

## 4. Capital Gains

Transaction	Short-term capital gains <sup>(a)</sup>	Long-term capital gains <sup>(a)(b)</sup>
Sale transactions of equity shares and unit of an equity oriented fund both of 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%
FII's	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.

- (c) Foreign currency conversion 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

Notes:

1) The tax rates mentioned above are those provided in the Income tax Act, 1961 and amended as per Finance Act, 2015, applicable for the financial year 2015-16 relevant to assessment year 2016-17. In the event of any change, we do not assume any responsibility to update the tax rates consequent to such changes. The tax rates mentioned above may not be exhaustive rates applicable to all types of assesses /taxpayers.

2) The tax rates mentioned above are only intended to provide general information and are neither designed nor intended to be a substitute for professional tax advice. Applicability of the tax rates would depend upon nature of the transaction, the tax consequences thereon and the tax laws in force at the relevant point in time. Therefore, users are advised that before making any decision or taking any action that might affect their finances or business, they should take professional advice.

3) A non-resident tax payer has an option to be governed by the provisions of the Income tax Act, 1961 or the provisions of the relevant DTAA, whichever is more beneficial. As per the provisions of the Income tax Act, 1961, submission of tax residency certificate ("TRC") along with Form No. 10F will be necessary for granting DTAA benefits to non-residents. A taxpayer claiming DTAA benefit shall furnish a TRC of his residence obtained by him from the Government of that country or specified territory. Further, in addition to the TRC, the non-resident may be required to provide such other documents and information subsequently, as may be prescribed by the Indian Tax Authorities.

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

**Disclaimer:** The information set out in the Tax Reckoner 2015-16 ('the document') is for general purposes only and is not an offer to sell or a solicitation to buy/sell any units of schemes of mutual fund. The information set out is neither a complete disclosure of every material fact of the Income-tax Act, 1961 nor does constitute tax or legal advice. Investors should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of the individual nature of the tax consequences, each investor is advised to consult his/ her own professional tax advisor. The information/ data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy and should not be construed as investment advice. Investors alone shall be fully responsible / liable for any decision taken on the basis of this document. Neither HDFC Mutual Fund nor HDFC Asset Management Company Limited nor any person connected with it accepts any liability arising from the use of this information. The investors should before investing in the Scheme(s) of HDFC Mutual Fund make his/their own investigation and seek appropriate professional advice.