

TA%WISE

A ready reckoner for applicable taxation rates

TAX ON INCOME DISTRIBUTION (INCOME DISTRIBUTION-CUM-CAPITAL WITHDRAWAL OPTION)		
INVESTOR	TAX	TDS / WITHHOLDING TAX RATE
Resident Individuals / HUF	Applicable slab rates ^{\$} %	10% ^{**}
Domestic Company	Applicable tax rates [!] %	10% ^{**}
Non-Resident	Taxable @ 20% ^{\$!%}	20% ^{\$!%#<}

	CAPITAL GAINS ON EQUITY ORIENTED MUTUAL FUNDS			
	SHORT TERM CAPITAL GAINS ^{&}		LONG TERM CAPITAL GAINS ^{&}	
	INCOME TAX RATE	TDS	INCOME TAX RATE	TDS
Resident Individual / HUF	Section 111A 15% ^{\$!%}	NIL	Section 112A 10% ^{\$!%^#}	NIL
Domestic Company		NIL		NIL
Non-Resident (other than FII)		15% ^{\$!%#}		10% ^{\$!%#}
Foreign Institutional Investor (FII)	Section 115AD 15% ^{\$!%}	NIL		NIL

	CAPITAL GAINS ON OTHER THAN EQUITY ORIENTED MUTUAL FUNDS			
	SHORT TERM CAPITAL GAINS ^{&}		LONG TERM CAPITAL GAINS ^{&}	
	INCOME TAX RATE	TDS	INCOME TAX RATE	TDS
Resident Individual / HUF	Applicable tax rates ^{\$!%}	NIL	Section 112	NIL
Domestic Company		NIL	20% ^{\$%@}	NIL
Non-Resident (other than FII)		30% ^{\$} (other than corporates) 40% [!] (corporates)	Section 112 Listed: 20% ^{\$!%@} Unlisted: 10% ^{\$!%^}	Listed: 20% ^{\$!%@#} Unlisted: 10% ^{\$!%^#}
Foreign Institutional Investor (FII)	Section 115AD 30% ^{\$!%}	NIL	Section 115AD 10% ^{\$%^}	NIL

^{\$} Surcharge for individuals/HUF to be levied on basic tax at:

- 37% where specified income exceeds Rs.5 crore;
- 25% where specified income exceeds Rs.2 crore but does not exceed Rs.5 crore;
- 15% where total income exceeds Rs.1 crore but does not exceed Rs.2 crore; and
- 10% where total income exceeds Rs.50 lakhs but does not exceed Rs.1 crore

Further, Health & Education Cess @ 4% is applicable on aggregate of basic tax & surcharge

[!] Surcharge for companies to be levied on basic tax:

- Domestic Company: 12% where income exceeds Rs.10 crore and 7% where income exceeds Rs.1 crore but less than Rs.10 crore
If opting for 115BAA/115BAB: then flat rate of 10% on basic tax
- Non-resident Company: 5% where income exceeds Rs.10 crore and 2% where income exceeds Rs.1 crore but less than Rs.10 crore

[%] Enhanced surcharge of 25% and 37% will not apply in case of income by way of dividend or capital gains on securities covered u/s. 111A, 112, 112A & 115AD.

[&] Equity Oriented MF: Short Term if held for less than 12 months, Long Term if held for more than 12 months

Other than Equity Oriented MF: Short Term if held for less than 36 months, Long Term if held for more than 36 months

^ without indexation and foreign exchange fluctuation benefit. Exemption for gains up to Rs.1,00,000/- in case of LTCG u/s. 112A

@ with indexation benefit

** if income distributed exceeds Rs.5,000/- during the financial year

TDS at higher rates: TDS at twice the applicable rate in case of payments to specified persons (excluding non-resident who does not have a Permanent Establishment in India) who has not furnished the Income Tax Return (ITR) for the assessment year relevant to previous year immediately preceding the financial year in which tax is required to be deducted, for which time limit for filing ITR has expired and the aggregate of TDS in his case is Rs.50,000 or more in the said previous year. In case PAN is not furnished, then TDS at higher of the rates as per Section 206AB or Section 206AA would apply.

In case of non-resident investors (other than FII): As per Section 196 of the Income-tax Act, 1961, TDS at a flat rate of 20% shall be levied on any income in respect of units of mutual fund in case of non-residents. Based on the language used in said section, it seems that apart from any income distributed to Non-resident investors, TDS at 20% may be applicable on Capital Gains notwithstanding that such capital gains are taxable at a rate lower than 20%. Such non-resident investors residing in a country with which India has entered into a Double Taxation Avoidance Agreement (DTAA) may offer the income in respect of mutual funds to tax in their annual income-tax return at a lower tax rate as specified under the relevant DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022) subject to satisfaction of conditions, if any, for claiming treaty benefits.

< In case of FII: TDS is applicable at lower of 20% or rate provided in DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022), provided such investor furnishes valid Tax Residency Certificate (TRC) for concerned FY

INCOME- TAX RATES FOR INDIVIDUAL/HUF

Existing regime with tax exemptions and deductions

TOTAL INCOME	TAX RATES [§]
Up to INR 250,000	NIL
INR 250,001 to INR 500,000	5%
INR 500,001 to INR 1,000,000	20%
INR 1,000,001 and above	30%

New Tax regime – without tax exemptions and deductions (as per Section 115BAC)

TOTAL INCOME	TAX RATES [§]
Up to INR 250,000	NIL
INR 250,001 to INR 500,000	5%
INR 500,001 to INR 750,000	10%
INR 750,001 to INR 10,00,000	15%
INR 10,00,001 to INR 12,50,000	20%
INR 12,50,001 to INR 15,00,000	25%
INR 15,00,001 and above	30%

(i) 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 INR 300,000

(ii) In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 500,000

(iii) In cases where the taxable income, reduced by long term capital gains / short term capital gains of a resident individual/HUF is below the basic exemption limit, the long-term capital gain / short-term capital gains will be reduced to the extent of this shortfall and only the balance is chargeable to income tax. The benefits of this provision are not available to non-resident individuals.

(iv) Rebate of up to INR 12,500 available for resident individuals whose total income does not exceed INR 500,000. However, such rebate is not available with respect to income-tax on long-term capital gains arising on transfer of units of equity-oriented schemes.

INCOME- TAX RATES FOR DOMESTIC COMPANIES

	If availing Tax Exemptions/Deductions		Optional Regime (Without availing specified exemptions/deductions)	
	Turnover ≤ Rs. 400 Crore	Turnover > Rs.400 Crore	Section 115BAA	Section 115BAB
Basic Tax Rate [!]	25%	30%	22%	15%
Minimum Alternate Tax (MAT) [!]	15%	15%	Not Applicable	

Note:

- The rates above are based on the Income Tax Act, 1961 as amended by the Finance Act, 2022.
- The above rates are based on the assumption that the units are held by the investors as capital assets and not as stock in trade.
- For the above purpose, the equity schemes referred above means a scheme of a mutual fund specified u/s. 10(23D) of Income-tax Act, 1961 which invests minimum of 65% of the total proceeds of such fund in the equity shares of listed domestic companies. Equity-oriented Fund of Fund means a mutual fund specified u/s. 10(23D) of the Income-tax Act, 1961 which invests minimum of 90% of the total proceeds in the units of another fund which is traded on recognised stock exchange and such other fund also invests a minimum of 90% of its total proceeds in equity shares of listed domestic companies.
- Transfer of units upon consolidation of mutual fund schemes of two or more schemes of equity-oriented fund or two or more schemes of a fund other than equity-oriented fund in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. Transfer of units upon consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.
- As per Section 139AA of the Income-tax Act, 1961, it is mandatory for all resident users to link PAN with their Aadhaar number, or else the former will become inoperative from March 31, 2023. This would mean that users will not be able to conduct transactions where quoting PAN is mandatory, like mutual funds. For those who have not linked their PAN with Aadhaar until 31st March 2022 can link it from 1st April 2022 up to 30th June 2022 by paying a late fee of Rs.500 and thereafter, by paying a penalty of Rs.1,000.

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