# TAX RECKONER 2020-21

SBI MUTUAL FUND
A PARTNER FOR LIFE

## Dividend Distribution Tax

Dividend distributed will now be taxable in the hands of the investor as per slab applicable rates.

Additional tax on income distributed by mutual funds has been abolished.

For Resident Individual/HUF/Domestic Companies – 10% TDS (Tax deducted at source) on dividend income exceeding INR 5,000[@]

For NRI – TDS of 20%[$]

| Short Term Capital Gains*** | Resident Individual/HUF[$!] | Domestic Company[@!] | NRI[$] |
|---|---|---|---|
| Equity oriented schemes | 15% | 15% | 15% |
| Other than equity-oriented schemes | As per the investor's tax slab^ | 30%/25%[1]/22%[2]/15%[3] | 30%^ |

| Long Term Capital Gains*** | Resident Individual/HUF | Domestic Company | NRI |
|---|---|---|---|
| Equity oriented schemes | 10%[*] | 10%[*] | 10%[*] |
| Other than equity-oriented schemes | 20%[&] | 20%[&] | Listed – 20%[&]<br>Unlisted – 10%[**] |

| TDS (Applicable to NRI)[#] | Short Term Capital Gains*** | Long Term Capital Gains*** |
|---|---|---|
| Equity oriented schemes | 15% | 10%[*] |
| Other than equity-oriented schemes | 30% | 10%[**](for unlisted) & 20%[&] (for listed) |

* Income-tax at the rate of 10% (without indexation benefit) to be levied on long-term capital gains exceeding Rs. 1 lakh provided transfer of such units is subject to STT.
$ Surcharge to be levied at:
• 37% on base tax 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.
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% on base tax is applicable where total income of domestic corporate unit holders exceeds Rs 1 crore but does not exceed 10 crores and at 12% where total income exceeds 10 crores. 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%. Further, "Health and Education Cess" to be levied at the rate of 4% on aggregate of base tax and surcharge.
# Short term/ long term capital gain tax (along with applicable Surcharge and Health and Education Cess) will be deducted at the time of redemption of units in case of NRI investors. However, the Finance Bill, 2020 proposes withholding tax of 20% on any income in respect of units of mutual fund in case of non-residents as per section 196A of the Act. Hence, based on language provided in said section, it seems that apart from any income distributed to NRI, withholding tax at 20% may be applicable on capital gains notwithstanding that such capital gains are taxable at a rate lower than 20%.
! The Finance Bill, 2020 proposes to insert new section (i.e. section 194K) which provides for withholding tax of 10% on any income in respect of units of mutual fund in case of residents.
However, as per press release issued on 4 February 2020, it has been clarified that withholding tax of 10% is only on dividend income and not on capital gains.
& After providing indexation.
** Without indexation.
^ Depending on the tax bracket, the investor falls into. Refer to next page for more details.
1 If total turnover or gross receipts in the financial year 2018-19 does not exceed Rs. 400 crores.
2This lower rate is optional and subject to fulfillment of certain conditions as provided in section 115BAA.
3This 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.
*** In order to qualify as long-term capital asset, the units of equity -oriented schemes should be held for a period of more than 12 months. Units of other mutual funds should be held for a period of more than 36 months to qualify as long-term capital assets.

SBI MUTUAL FUND
A PARTNER FOR LIFE

## Income- tax rates for Individual/HUF

### Existing regime with tax exemptions and deductions

| Total Income | Tax rates(iii)** |
|---|---|
| Up to INR 250,000 (i) and (ii) | 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(iii)** |
|---|---|
| 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% |

**In case of income arising from the transfer of equity share/unit referred to in section 111A and section 112A, surcharge at the rate of 10% is applicable to Individuals/HUF where total income exceeds 50 lakhs but is less than INR 1 crore; surcharge rate of 15% is applicable to Individuals/HUF having total income exceeding INR 1 Crore

In case of any other income, surcharge at the rate of 10% is applicable to Individuals/HUF where total income exceeds 50 lakhs but is less than INR 1 crore; surcharge rate of 15% is applicable to Individuals/HUF having total income exceeding INR 1 Crore but less than INR 2 crore; surcharge rate of 25% is applicable to Individuals/HUF having total income exceeding INR 2 Crore but less than INR 5 crore and surcharge rate of 37% is applicable to Individuals/HUF having total income exceeding INR 5 Crore.

(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) Health and education cess is proposed to be levied at 4% on income-tax and surcharge.

$ 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 NRIs.

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

Note:

(1) The rates above are based on the amendments brought about by the Finance Act, 2020. (2) 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. (3) For the above purpose, the equity schemes referred above means a scheme of a mutual fund specified under section 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 (4) For the above purpose, Equity oriented Fund of Fund means a mutual fund specified under section 10(23D) of the Act 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 percent of its total proceeds in equity shares of listed domestic companies (5) Fair Market Value for listed units of equity schemes or equity oriented Fund of Fund means highest price of the units quoted in the recognised stock exchange on 31 January 2018. However, if there is no trading on stock exchange for such units on 31 January 2018, FMV for such units means highest price on such exchange on date immediately preceeding 31 January 2018. (6) Fair Market Value of units not listed on recognised stock exchange means net asset value of such units as on 31 January 2018 (7) The NRI investors may be entitled to the benefits of respective tax treaties, if the same are more beneficial than above tax rates (subject to conditions).