

Long Term Capital Gains [***]	Resident Individual /HUF	NRI
Equity schemes OR Equity oriented Fund of Funds (provided STT paid at time of redemption/sale)	10% without indexation [AA] AA = Rate Including 15% surcharge [**] + 4% Cess = 11.96% [###%]	Rate same as RI/HUF.
Debt schemes (Listed)	20% with indexation [BB]	Rate same as RI/HUF.
Debt Schemes (Unlisted)	20% with indexation [BB]	10% without indexation [CC]
	BB = Rate Including 37% surcharge [**] + 4% Cess = 28.496%	CC = Rate Including 37% surcharge [**] + 4% Cess = 14.248%

Short Term Capital Gains [***]	Resident Individual /HUFt	NRI
Equity schemes OR Equity oriented Fund of Funds (provided STT paid at time of redemption/sale)	15% [DD] DD = Including 15% surcharge [**] + 4% Cess = 17.94%	Rate same as RI/HUF.
Debt schemes	As per Slab rates [#] + 37% surcharge [**] + 4% cess	As per Slab rates [#] + 37% surcharge [**] + 4% cess

In case of NRI's - TDS (tax deducted at source) on capital gains is applicable.

Tax treatment of Dividend Income

With effect from 1st April 2020, the Dividend Distribution Tax is abolished and withholding tax introduced on payment of dividend

The dividend distributed will now be taxable in the hands of the person receiving the Dividend as per slab/applicable rates.

For RI/HUF - 10% TDS (tax deducted at source) on dividend income exceeding Rs. 5000 [@@]

For NRI - TDS of 20% with a 37% surcharge [**] + 4% cess

Income-tax rates for Individual/HUF	
Who want to avail tax exemptions and deductions	
Total Income	Tax Rates (c) [**]
Up to INR 250,000 (a) and (b)	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%

Optional new tax regime - without tax exemptions and deductions (As per section 115BAC)	
Total Income	Tax Rates (c) [**]
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 1,000,000	15%
INR 1,000,001 to INR 1,250,000	20%
INR 1,250,001 to INR 1,500,000	25%
INR 1,500,001 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.

- (a) 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.
- (b) In the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 500,000.
- (c) Health and education cess is levied at 4% on income-tax and surcharge.

*** In order to qualify as long-term capital asset, the units of equity oriented funds (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.

@ 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.

@@ On insertion of Section 194K, a Mutual Fund is liable to charge TDS at the rate of 10% at the time of credit of dividend income from the units of the Mutual Fund to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, if the income exceeds Rs 5,000.

& 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 schemes and equity oriented Fund of Funds referred above

As per the provisions of section 112A, aggregate long term capital gains up to Rs. 1 lakh arising on transfer of equity shares, equity oriented mutual fund units, units of business trust should not be taxable. Further, the cost of acquisition of units purchased before 1 February 2018, to be higher of: (a) actual cost of acquisition of units; and (b) lower of fair market value as on 31 January 2018 and the sale / redemption value.

Note

1. The rates above are based on the amendments brought about by the Finance Act, 2021.
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 preceding 31 January 2018 when the units were traded on stock exchange.
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).

Disclaimer

The above is provided only for general information purpose. In view of the different nature of tax benefits, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the schemes. L&T Mutual Fund and any of its officers, directors, personnel and employees, shall not be liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.