

# HOW ARE MUTUAL FUNDS TAXED?



## Long Term Capital Gains

## Short Term Capital Gains

### Equity Funds

MF Schemes with **>65% of assets** in shares of Indian Listed Companies

When a mutual fund is redeemed **after 1 year** of investment  
Gains are **taxed at 10%** if >Rs.1 lakh

When a mutual fund is redeemed **within 1 year**  
Gains are **taxed at 15%**

Dividend payouts of equity mutual funds are subject to **11.648% as Dividend Distribution Tax (DDT)**. However, dividends received is tax free in the hands of the investor.

Additionally, there is a **0.001% Securities Transaction Tax (STT)** on redemption of Equity Mutual Funds irrespective of the holding period.

### Non-Equity Funds

All other schemes other than equity funds including **debt funds, international fund of funds, gold funds**, etc.

When a mutual fund is redeemed **after 3 years** of investment  
Gains are **taxed at 20% with indexation** benefit

When a mutual fund is redeemed **within 3 years**  
Gains are added to income and **taxed according to the tax slab**

Dividend payouts of non-equity mutual funds are subject to **29.12% Dividend Distribution Tax (DDT)**. However, dividend received is tax free in the hands of the investor.

There is no **TDS for domestic investors** on redeeming any mutual fund. However, **NRI investors are subject to TDS**.

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Mutual Fund

An investor education initiative. Capital Gains Tax and Dividend Distribution Tax on Mutual Funds in India for FY2018-19.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.** CL06000