

Tax Reckoner 2025-26

Snapshot of Income-tax rates specific to Mutual Funds

The rates are applicable for the financial year 2025-26 as amended by Finance Act 2025.

Income-tax implications on income in respect of units of a Mutual Fund

Type of Investor	Withholding Tax Rate
Resident****	10%*
NRI	20%** or rate as per applicable tax treaty*** (whichever is lower)

Capital Gains: Mutual Funds

	Individual/ HUF [§]	Domestic Company [@]	NRI ^{§#}
Equity Oriented Schemes (minimum 65 percent is invested in equity shares listed on recognised stock exchange of domestic companies) • Long Term Capital Gains (> 12 months) • Short Term Capital Gains (< or equal to 12 months)			
Long term capital gains*	12.5%**	12.5%**	12.5%**
Short term capital gains	20%**	20%**	20%**
Other Than Equity Oriented Schemes • Long Term Capital Gains (> 24 months**) • Short Term Capital Gains (< or equal to 24 months**)			
Long term capital gains (Not applicable for specified mutual fund schemes – Note 1)	12.5%**	12.5%**	12.5%**
Short term capital gains - (Including specified mutual fund schemes – Note 1)	Applicable slab rates	Applicable slab rates	Applicable slab rates

Capital Gains: Others

Transaction	Short-term capital gains ^(a)	Long-term capital gains ^{(a)**}
Sale transactions of equity shares/ unit of an equity oriented fund which attract STT	20%	12.5%*
Sale transactions of units of specified mutual fund as defined earlier acquired on or after 1st April 2023	Slab rates	NA
Sale transaction other than mentioned above:		
Individuals (resident and non-residents)	Progressive slab rates	12.5%
Firms	30%	
Resident companies	30% /25% ^(b) /22% ^(c) /15% ^(d)	
Overseas financial organizations specified in section 115AB	35% (corporate) 30% (non corporate)	12.5%
FPIs (other than gains under section 111A and section 112A)	30%	12.5%
Foreign companies other than ones mentioned above	35%	12.5%
Local authority	30%	12.5%
Co-operative society rates	Progressive slab or 22% ^(e) / 15% ^(f)	

Income Tax Rates

For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons

Old Regime

Total Income (₹)	Tax Rates
Up to Rs. 2,50,000 ^{(a) (b)}	NIL
Rs. 2,50,001 to Rs. 5,00,000 ^{(d) (e)}	5%
Rs. 5,00,001 to Rs. 10,00,000 ^(d)	20%
Rs. 10,00,001 and above ^{(c)(d)}	30%

New Regime

Total Income (₹)	Tax Rates
Up to 4,00,000	NIL
From 4,00,001 to 8,00,000	5%
From 8,00,001 to 12,00,000	10%
From 12,00,001 to 16,00,000	15%
From 16,00,001 to 20,00,000	20%
From 20,00,001 to 24,00,000	25%
Above 24,00,000	30%

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 (delivery based)	0.1%	Purchaser/Seller
Purchase of units of equity oriented mutual fund	NIL	Purchaser
Sale of units of equity oriented mutual fund (delivery based)	0.001%	Seller
Sale of equity shares, units of business trust, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.1%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.02%	Seller
Sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal, with respect to unit linked insurance policy issued by such insurance company on or after the first day of February, 2021	0.001%	Seller
Sale of units of an equity oriented fund to the Mutual Fund	0.001%	Seller
Sale of unlisted equity shares and units of business trust under an initial offer	0.2%	Seller

Notes: Income-tax implications on income in respect of units of a Mutual Fund

* Tax is not deductible if income in respect of units of a mutual fund is below Rs. 10,000 in a financial year.

** Plus applicable Surcharge and "Health and Education Cess" (as mentioned under Old and New Regime).

*** The income distributed by mutual fund to unitholders is unlikely to fall within definition of dividend under tax treaty. Given this and language of proviso to section 196A, claiming tax treaty benefit in respect of income distributed by mutual fund to unitholders for withholding tax purpose may not be possible.

**** In the case of a resident person, if PAN has become inoperative due to PAN – Aadhaar not being linked, tax could be withheld at a higher rate of 20%.

Capital Gains: Mutual Funds

Note 1 - Capital gains from transfer of units of "specified mutual fund schemes" acquired on or after 1st April 2023 are treated as short term capital gains taxable at applicable slab rates as provided above irrespective of the period of holding of such mutual fund units. For this purpose, from FY 2025-26, "specified mutual fund" means (a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a).

* Rate of 12.5% to be levied on long-term capital gains exceeding Rs. 1.25 lakh provided transfer of such units is subject to Securities Transaction Tax ('STT').

\$ Plus applicable Surcharge and "Health and Education Cess" (as mentioned under Old and New Regime)

** For gains on transfer/redemption (without indexation benefit and foreign exchange fluctuation). For determining nature of gains (i.e. long term or short term) on mutual fund unit listed on recognized stock exchange in India, period of holding of 12 months is to be considered.

@ 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 applicable rate at the time of redemption of units in case of NRI investors. Tax treaty benefit can be claimed for withholding tax on capital gains subject to fulfillment of stipulated conditions.

Transfer of units upon consolidation of mutual fund schemes or consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.

Relaxation to non-residents from deduction of tax at higher rate (except income distributed by mutual fund) in absence of PAN subject to providing specified information and documents.

Capital Gains: Others

* Long-term capital gains exceeding Rs. 1.25 lakh will be taxable at 12.5%** (without indexation benefit and foreign exchange fluctuation)

** For determining nature of gains (i.e. long term or short term) on mutual fund unit listed on recognized stock exchange in India, period of holding of 12 months is to be considered.

(a) These rates will further increase by applicable surcharge & health and education cess.

(b) If total turnover or gross receipts in the financial year 2023-24 does not exceed Rs. 400 crores.

(c) This lower rate is optional and subject to fulfillment of certain conditions as provided in section 115BAA.

(d) This 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.

(e) Co-operative societies have the option to be taxed at progressive slab rates or 22% subject to fulfillment of certain conditions as provided in section 115BAD.

(f) This lower rate is optional for co-operative societies engaged in manufacturing or production business (set-up & registered on or after 1 April 2023) subject to fulfillment of certain conditions as provided in section 115BAE.

Notes: Income Tax Rates - Old Regime

(a) In case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs. 3,00,000.

(b) In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs 5,00,000.

(c) Rate of surcharge:

- 37% - specified income* exceeds Rs. 5 crore;
- 25% - specified income* exceeds Rs. 2 crore upto Rs. 5 crore
- 15% - total income exceeds Rs. 1 crore upto Rs. 2 crore; and
- 10% - total income exceeds Rs 50 lakhs upto Rs. 1 crore.

In case of AOP, consisting of only companies as its members, the rate of surcharge not to exceed 15%.

(d) Health and Education cess @ 4% on aggregate of base tax and surcharge.

(e) Resident individuals having total income upto Rs. 5,00,000 can avail rebate of 12,500 or actual tax liability whichever is lower.

Notes: Income Tax Rates - New Regime

a) For adopting New Regime, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. However, standard deduction of Rs. 75,000 against salary income is allowed. The aforesaid regime is default unless opted out.

b) Resident individuals having total income not exceeding Rs. 12,00,000 can avail rebate of 60,000 or actual tax liability whichever is lower. As per memorandum to Finance Bill, 2025, rebate should not be available on tax on income chargeable at special rates such as capital gains.

(c) Rate of surcharge:

- 25% - specified income* exceeds Rs. 2 crore
- 15% - total income exceeds Rs. 1 crore upto Rs. 2 crore; and
- 10% where total income exceeds Rs 50 lakhs upto Rs. 1 crore.

In case of AOP, consisting of only companies as its members, the rate of surcharge not to exceed 15%.

*Specified income – Total income excluding income by way of dividend on shares and short term capital gains in case of listed equity shares, equity oriented mutual fund units, units of business trust and long-term capital gains.

Disclaimer : Tax slabs are given for information purpose only it is further to be read with present laws as applicable in respective Financial Year (Assessment year) and read with any notification issued by Income tax authority from time to time. Investors should consult their tax consultant if in doubt about whether the product is suitable for them. Investors should consult their tax consultant if in doubt about whether the product is suitable for them.

This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited. Neither this document nor the units of HSBC Mutual Fund have been registered under Securities law/Regulations in any foreign jurisdiction. The distribution of this document in certain jurisdictions may be unlawful or restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. If any person chooses to access this document from a jurisdiction other than India, then such person does so at his/her own risk and HSBC and its group companies will not be liable for any breach of local law or regulation that such person commits as a result of doing so.

This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/ third party, believes to be reliable but which it has not been independently verified by HSBC/ the third party. Further, HSBC/ the third party makes no guarantee, representation or warranty or accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time. Expressions of opinion are those of HSBC only and are subject to change without any prior intimation or notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may have been discussed or recommended in this report and should understand that the views regarding future prospects may or may not be realized.

© Copyright. HSBC Asset Management (India) Private Limited 2025, ALL RIGHTS RESERVED.

HSBC Asset Management (India) Private Limited, 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India. | Website: www.assetmanagement.hsbc.co.in