

Tax Reckoner 2026-27

Snapshot of Income-tax rates specific to Mutual Funds



The rates are applicable for tax year 2026-27 as per Income Tax Act, 2025 as amended by Finance Act 2026.

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 (> 12(listed)/24 (unlisted) months**) • Short Term Capital Gains (< or equal to 12(listed)/24(unlisted) 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

Tax deductible at source under the Act (Applicable to NRI Investors)[#]

TDS on Capital Gains^{\$}

Tax Status of NRIs* across categories:	Short term capital gains	Long term capital gains
Equity oriented schemes	20%	12.50%
Other than equity oriented schemes (except specified mutual fund schemes) [#]	30%	12.5%^
Specified mutual fund schemes	30%	Not applicable

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 1 April 2023	Slab rates	NA
Sale transaction other than mentioned above:		
Individuals (resident and non-residents)	Progressive slab rates	
Firms	30%	12.5%
Resident companies	30% /25%(b)/22%(c)/15%(d)	
Overseas financial organizations specified in section 208 (corresponding to section 115AB of IT Act, 1961)	35% (corporate) 30% (non corporate)	12.5%
FPIs (other than gains under section 196 (corresponding to section 111A of IT Act, 1961) and section 198 (corresponding to section 112A of IT Act, 1961)	30%	12.5%
Foreign companies other than ones mentioned above	35%	12.5%
Local authority	30%	
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)	0.10%	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	0.150%	Seller
Sale of an option in securities, where option is exercised	0.150%	Purchaser
Sale of a futures in securities	0.050%	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	0.200%	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 393(2), Table SI. No 10 (corresponding to section 196A of IT Act, 1961) 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 Rs. 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.

Tax deductible at source under the Act (Applicable to NRI Investors)†

*As per section 198 (corresponding to section 112A of IT Act, 1961), long-term capital gains, exceeding Rs. 1.25 Lakh on transfer of units of EOFs before 23 July 2024 shall be taxable at the rate of 10% and on transfer of units on or after 23 July 2024 shall be taxable at the rate of 12.5% provided transfer of such units is subject to STT, without taking benefit of foreign currency fluctuation and indexation benefit.

†Non-resident individuals (NRI) shall be entitled to be governed by provisions of the applicable Tax Treaty, which India has entered with the country of residence of the NRI, if that is more beneficial than the provisions of the Act, subject to certain conditions. As per section 159 (correction section 90(4) of IT Act, 1961), a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate of being a resident of home country. Furthermore, as per section 159 (corresponding section 90(5) of IT Act, 1961), non-resident is also required to provide such other documents and information, as prescribed by CBDT, as applicable.

§Relaxation to NRIs from deduction of tax at higher rate (except income distributed by mutual fund) in the absence of Permanent Account Number (PAN) is subject to the NRI providing specified information and documents. As per provisions of Section 397 (corresponding section 206AA of IT Act, 1961), if there is default on the part of a NRI (entitled to receive redemption proceeds from the Mutual Fund on which tax is deductible under section 393 (chapter XVII of the IT Act, 1961) to provide its PAN, the tax shall be deducted at higher of the following rates: i) rates specified in relevant provisions of the Act; or ii) rate or rates in force; or iii) rate of 20%. However, the provisions of section 397 (corresponding section 206AA of IT Act, 1961) shall not apply, if the requirements as stated in Rule 217 (corresponding Rule 37BC of the Income-tax Rules, 1962) are met.

^As per section 112 of the IT Act, 1961, any income arising from the transfer of long-term capital asset, which is chargeable under head capital gains shall be taxable at 20% with indexation benefit if the transfer takes place before 23 July 2024 and at 12.5% without indexation benefit if transfer take place on or after 23 July 2024.

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 2024-25 does not exceed Rs. 400 Crores.

(c) This lower rate is optional and subject to fulfillment of certain conditions as provided in section 200 read with section 205 of Income Tax Act, 2025.

(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 201 read with section 205 of Income Tax Act, 2025.

(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 203 of Income Tax Act, 2025.

(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 204 of Income Tax Act, 2025.

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 Lakh

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

(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 Lakh can avail rebate of Rs. 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 123, 126 etc (corresponding section 80C, 80D, etc. of IT Act, 1961) 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 Lakh can avail rebate of Rs. 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.

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