

MUTUAL FUNDS TAX RECKONER 2024-25

The Income Tax/TDS rates are applicable for Financial Year (FY) 2024-25 as amended vide Finance (No. 2) Act 2024

TAX ON INCOME DISTRIBUTION (IDCW OPTION)

Investor	Tax Rate	TDS
(A) Resident Investor	Applicable Slab / Tax rates ^{\$}	10% (if income distributed > Rs.5,000 during FY) [#]
(B) Non-Resident Investor	20% ^{\$}	20% ^{\$ #}

TAX ON CAPITAL GAINS

EQUITY ORIENTED FUNDS (STT PAID)^{1 & 2}

Date of Transfer / Redemption / Maturity	Short Term Capital Gains				Long Term Capital Gains			
	Holding Period	Tax Rates ^{\$}			Holding Period	Tax Rates ^{\$}		
		Resident	Non-Resident (other than FII)	FII		Resident	Non-Resident (other than FII)	FII
up to 22/7/2024	Up to 12 months	15%	15% [#]	15%	More than 12 months	10% ³	10% ^{3 #}	10% ³
on/after 23/7/2024	12 months	20%	20% [#]	20%	12 months	12.5% ³	12.5% ^{3 #}	12.5% ³

NON-EQUITY ORIENTED FUNDS – PURCHASED ON / BEFORE 31st MARCH 2023

Date of Transfer / Redemption / Maturity	Short Term Capital Gains				Long Term Capital Gains			
	Holding Period	Tax Rates ^{\$}			Holding Period	Tax Rates ^{\$}		
		Resident	Non-Resident (other than FII)	FII		Resident	Non-Resident (other than FII)	FII
up to 22/7/2024	Up to 36 months	A.T.R. ⁷	A.T.R. ^{7 #}	30%	More than 36 months	20% ⁵	Listed: 20% ^{5 #} Unlisted: 10% ^{6 #}	10% ⁶
on/after 23/7/2024 (Unlisted MF)	Up to 24 months	A.T.R. ⁷	A.T.R. ^{7 #}	30%	More than 24 months	12.50% ⁶	12.50% ^{6 #}	10% ⁶
on/after 23/7/2024 (Listed MF)	Up to 12 months	A.T.R. ⁷	A.T.R. ^{7 #}	30%	More than 12 months	12.50% ⁶	12.50% ^{6 #}	10% ⁶

NON-EQUITY ORIENTED FUNDS – PURCHASED ON / AFTER 1st APRIL 2023⁴

Date of Transfer / Redemption / Maturity	Short Term Capital Gains				Long Term Capital Gains			
	Holding Period	Tax Rates ⁵			Holding Period	Tax Rates ⁵		
		Resident	Non-Resident (other than FII)	FII		Resident	Non-Resident (other than FII)	FII
(A) MF WITH EQUITY EXPOSURE MORE THAN 35%⁴⁽ⁱ⁾								
up to 22/7/2024	Up to 36 months	A.T.R. ⁷	A.T.R. ^{7#}	30%	Not Applicable			
on/after 23/7/2024 (Unlisted MF)	Up to 24 months	A.T.R. ⁷	A.T.R. ^{7#}	30%	More than 24 months	12.50% ⁶	12.50% ^{6#}	10% ⁶
on/after 23/7/2024 (Listed MF)	Up to 12 months	A.T.R. ⁷	A.T.R. ^{7#}	30%	More than 12 months	12.50% ⁶	12.50% ^{6#}	10% ⁶
(B) MF WITH EQUITY EXPOSURE UP TO 35%⁴⁽ⁱ⁾								
up to 31/3/2025	N.A.	A.T.R. ⁷	A.T.R. ^{7#}	30%	Not Applicable			
(C) MF WITH DEBT EXPOSURE MORE THAN 65%⁴⁽ⁱⁱ⁾								
on/after 1/4/2025	N.A.	A.T.R. ⁷	A.T.R. ^{7#}	30%	Not Applicable			
(D) MF WITH DEBT EXPOSURE UP TO 65%⁴⁽ⁱⁱ⁾								
on/after 1/4/2025 (Unlisted MF)	Up to 24 months	A.T.R. ⁷	A.T.R. ^{7#}	30%	More than 24 months	12.50% ⁶	12.50% ^{6#}	10% ⁶
on/after 1/4/2025 (Listed MF)	Up to 12 months	A.T.R. ⁷	A.T.R. ^{7#}	30%	More than 12 months	12.50% ⁶	12.50% ^{6#}	10% ⁶

- (1) Equity-Oriented Fund (EOF) refers to a scheme of a MF wherein minimum of 65% of the total proceeds of such fund are invested in the equity shares of domestic companies listed on a recognised stock exchange. A Fund of Fund (FOF) structure is treated as an EOF if a minimum of 90% of the total proceeds of such fund are invested in the units of another fund and such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange. The equity holding is computed with reference to the annual average of the monthly averages of the opening and closing figures.
- (2) STT @ 0.001% is applicable on redemption of units of Equity-oriented Mutual Funds
- (3) Without Indexation & foreign exchange fluctuation benefit. LTCG on EOF are exempt from tax up to Rs.1,25,000 per year from FY 2024-25 onwards (earlier Rs.1,00,000).
- (4) Specified Mutual Funds (Non-Equity Mutual Funds):
As per Section 50AA of the Income-tax Act, 1961, investments in Specified Mutual Funds on or after April 1, 2023 shall be deemed to be short term capital assets irrespective of holding period.
- (i) Up to 31st March 2025, a “Specified Mutual Fund” means a Mutual Fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies. The percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures. It is possible that an “equity-oriented fund” which invests in units of another equity fund instead of investing directly in equity shares of domestic company may be regarded as “specified mutual fund” and taxed accordingly.
- (ii) From 1st April 2025 onwards, a “Specified Mutual Fund” means: (a) a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or (b) a fund which invests 65% or more of its total proceeds in units of a fund referred to in (a). The percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures.
- (5) with indexation benefit
- (6) without indexation and foreign exchange fluctuation benefit
- (7) A.T.R. – Applicable Slab / Tax Rates (refer below)

INCOME TAX RATES

A. For Individuals / HUF / AOP / BOI / Artificial Juridical Persons
**DEFAULT – NEW TAX REGIME
[Section 115BAC(1A)]**

Total Income	Tax Rate ⁵
Up to INR 3,00,000	NIL
INR 3,00,001 to INR 7,00,000	5%
INR 7,00,001 to INR 10,00,000	10%
INR 10,00,001 to INR 12,00,000	15%
INR 12,00,001 to INR 15,00,000	20%
INR 15,00,001 and above	30%

**OPTIONAL – OLD TAX REGIME
(with specified exemptions & deductions)**

Total Income	Tax Rate ⁵
Up to INR 2,50,000	NIL
INR 2,50,001 to INR 5,00,000	5%
INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

- (i) Under the old tax regime, 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 and in the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 500,000
- (ii) 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 non-resident individuals.
- (iii) Rebate of up to INR 25,000 is available for taxpayers whose total income chargeable to tax under the default New Tax Regime u/s. 115BAC(1A) does not exceed INR 700,000. In case a resident individual opts to pay tax under the old tax regime, then rebate of up to Rs.12,500 is available if total income does not exceed Rs.5,00,000. However, such rebate is not available with respect to income-tax on long-term capital gains arising on transfer of units of equity-oriented schemes.

B. For Domestic Companies

	If availing specified exemptions / deductions		Optional Regime (Without specified exemptions / deductions)	
	Turnover ≤ Rs. 400 Crore for FY 2022-23	Turnover > Rs.400 Crore for FY 2022-23	Section 115BAA	Section 115BAB
Basic Tax Rate ⁵	25%	30%	22%	15%
Minimum Alternate Tax (MAT) ⁵	15%	15%	Not Applicable	

§ Surcharge:

If taxpayer (Individual/HUF/AOP/BOI/AJP) opts for Old Tax Regime, then Surcharge to be levied on basic tax at:

- 37% 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.

If taxpayer (Individual/HUF/AOP/BOI/AJP) pays tax as per default New Tax Regime u/s. 115BAC(1A), then maximum rate of Surcharge will be 25% where income exceeds Rs.2 crore.

'Specified income' refers to total income excluding dividend income on shares, STCG on EOF and LTCG on mutual fund units. Enhanced surcharge of 25% or 37%, as the case may be, will not apply in case of income by way of dividend or capital gains on securities covered under Section 111A (STCG on EOF), Section 112 (LTCG on non-EOF), Section 112A (LTCG on EOF) & Section 115AD (tax on income earned by FIIs).

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

Surcharge for companies to be levied on basic tax:

- Domestic Company: 12% where income exceeds Rs.10 crore and 7% where income exceeds Rs.1 crore but less than Rs.10 crore. If domestic company opts for concessional tax regime u/s. 115BAA/115BAB: then flat rate of 10% on basic tax
- Non-resident Company: 5% where income exceeds Rs.10 crore and 2% where income exceeds Rs.1 crore but less than Rs.10 crore

Cess: Health & Education Cess @ 4% is applicable on aggregate of basic tax & surcharge

Tax Deduction at Source (TDS) or Withholding Tax:

The Mutual Fund will pay/deduct taxes as per the applicable tax laws on the relevant date considering the provisions of the Income-tax Act, 1961 read with the Income-tax Rules, 1962 and any circulars or notifications or directives or instructions issued thereunder. Please note that grant of DTAA benefit, if any, is subject to fulfilment of stipulated conditions under the provisions of the Income-tax Act, 1961 and the relevant DTAA as well as interpretation of relevant Article of such DTAA.

TDS on Income Distributions (IDCW Option):

- In case of non-resident investors (other than FII): As per provisions of Section 196A, TDS is applicable on any income in respect of units of a Mutual Fund at lower of 20% or rate of income-tax provided in the relevant DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022), provided such investor furnishes valid Tax Residency Certificate (TRC) for concerned FY.
- In case of FII: As per provisions of Section 196D, TDS is applicable at lower of 20% or rate of income-tax provided in the relevant DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022), provided such investor furnishes valid Tax Residency Certificate (TRC) for concerned FY.

TDS on Capital Gains: Tax will be deducted on Short-term/Long-term capital gains at the tax rates (plus applicable Surcharge and Health and Education Cess) specified in the Finance (No. 2) Act 2024 at the time of redemption of units in case of Non-Resident investors (other than FIIs) only.

TDS at higher rates: TDS at twice the applicable rate in case of payments to specified persons (excluding non-resident who does not have a Permanent Establishment in India) who has not furnished the Income Tax Return (ITR) for the assessment year relevant to previous year immediately preceding the financial year in which tax is required to be deducted, for which time limit for filing ITR has expired and the aggregate of TDS in his case is Rs.50,000 or more in the said previous year. In case PAN is not furnished, then TDS at higher of the rates as per Section 206AB or Section 206AA would apply. In case PAN is inoperative, then TDS as per Section 206AA would apply, subject to Rule 37BC of the Income-tax Rules, 1962.

(8) The tax rates above are based on the Income Tax Act, 1961 as amended by the Finance (No. 2) Act, 2024.

(9) The above tax rates are based on the assumption that the units are held by the investors as capital assets and not as stock in trade.

(10) Transfer of units upon consolidation of two or more schemes of equity-oriented fund or two or more schemes of a fund other than equity-oriented fund in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains. Transfer of units upon consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is exempt from capital gains.

(11) Under the provisions of the Income-tax Act, 1961, every person who has been allotted a PAN on or after July 1, 2017 and is eligible to obtain Aadhaar Number, is required to link his PAN with Aadhaar. From July 1, 2023, the PAN of taxpayers who have failed to link PAN with Aadhaar, as required, shall become inoperative and the consequences during the period that PAN remains inoperative will be as follows:

- no refund shall be made against such PANs;
- interest shall not be payable on such refund for the period during which PAN remains inoperative; and
- TDS and TCS shall be deducted /collected at higher rate, as provided in the Act.

Additionally, such taxpayers will not be able to conduct transactions where quoting PAN is mandatory, like investments in mutual funds.

The PAN can be made operative again in 30 days, upon linking of PAN with Aadhaar after payment of fee of Rs.1,000.

Disclaimer: The above overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. The above information is provided for only general information purposes and does not constitute tax or legal advice. In view of the individual nature of tax benefits, each investor is advised to consult with his/ her tax consultant with respect to the specific direct tax implications arising out of their transactions. The investor alone shall be fully responsible and/or liable for any decision/action taken on the basis of this document. The information contained herein is not intended as an offer or solicitation for the purchase and sales of any schemes of Shriram Mutual Fund.