

Snapshot of Tax rates specific to Mutual Funds

The rates are for the Financial Year (FY) 2009-10.

Tax Implication on Dividend

Effective: 1st April, 2009.

	Individual/ HUF	Corporates	NRI*
Dividend			
Equity schemes	Tax free	Tax free	Tax free
Debt schemes	Tax free	Tax free	Tax free

Dividend Distribution Tax (Payable by the scheme)			
Equity schemes **	Nil	Nil	Nil
Debt schemes	12.5% + 10% Surcharge + 3% Cess	20% + 10% Surcharge + 3% Cess	12.5% + 10% Surcharge + 3% Cess
	= 14.163%	= 22.660%	= 14.163%
Money market and Liquid schemes	25% + 10% Surcharge + 3% Cess	25% + 10% Surcharge + 3% Cess	25% + 10% Surcharge + 3% Cess
	= 28.325%	= 28.325%	= 28.325%

Capital Gain Taxation

Long Term Capital Gains (Units held for more than 12 months)			
Equity schemes **	Nil	Nil	Nil
Debt schemes	10% without indexation or 20% with indexation whichever is lower + 3% Cess	10% without indexation or 20% with indexation whichever is lower + 10% Surcharge + 3% Cess	10% without indexation or 20% with indexation whichever is lower + 3% Cess
Without indexation	= 10.300%	= 11.330%	= 10.300%
With indexation	= 20.600%	= 22.660%	= 20.600%

Short Term Capital Gains (Units held for 12 months or less)			
Equity schemes **	15% + 3% Cess	15% + 10% Surcharge + 3% Cess	15% + 3% Cess
	= 15.450%	= 16.995%	= 15.450%
Debt schemes	30% + 3% Cess ^	30% + 10% Surcharge + 3% Cess	30% + 3% Cess ^
	= 30.900%	= 33.990%	= 30.900%

*The short term/long term capital gain tax will be deducted at the time of redemption of units in case of NRI investors only.

** STT @ 0.25% will be deducted on equity funds at the time of redemption and switch to the other schemes.

Mutual Fund would also pay securities transaction tax wherever applicable on the securities bought / sold.

^ Assuming the investor falls into the highest tax bracket.

Tax Deducted at Source (Applicable only to NRI Investors)		
	Short term	Long term
Equity	15.450%	NIL
Debt	30.900%	20.600%#

after providing for indexation

For any queries contact Nitin Agarwal (nitin.agarwal@sbimf.com)

1. Income Tax Rates

For Individuals, Hindu Undivided Families, Association of Persons and Body of Individuals

Total Income	Tax Rates
Up to Rs. 160,000 (a)(b)	NIL
Rs. 160,001 to Rs. 300,000	10%
Rs. 300,001 to Rs. 500,000	20%
Rs. 500,001 and above (c)	30%

- (a) In the case of a resident woman below the age of sixty-five years, the basic exemption limit is Rs. 190,000
 (b) In the case of a resident individual of the age of sixty-five years or above, the basic exemption limit is Rs. 240,000
 (c) Surcharge is not applicable
 (d) Education cess is applicable @ 3 percent on income-tax
 (e) Marginal relief may be available.

2. 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, units of equity oriented mutual fund (delivery based)	0.125%	Purchaser / Seller
Sale of equity shares, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.017%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a futures in securities	0.017%	Seller
Sale of unit of an equity oriented fund to the Mutual Fund	0.25%	Seller

3. Special rates for non-residents

- (1) The following incomes in the case of non-resident are taxed at special rates on gross basis:

Nature of Income	Rate (a)
Dividend (b)	20%
Interest received on loans given in foreign currency to Indian concern or Government of India	20%
Income received in respect of units purchased in foreign currency of specified Mutual Funds/ UTI	20%
Royalty or fees for technical services	For Agreements entered into: - After 31 May 1997 but before 1 June 2005 – @ 20% - On or after 1 June 2005 – @ 10%
Interest on FCCB, FCEB / Dividend on GDRs (b)	10%

- (a) These rates will further increase by surcharge and education cess
 (b) Other than dividends on which DDT has been paid
 (c) In case the non-resident has a Permanent Establishment (PE) in India and the royalty/fees for technical services paid is effectively connected with such, the same could be taxed @ 40 percent (plus surcharge and education cess) on net basis

- (2) Tax on non-resident sportsmen or sports association on specified income @ 10 percent plus applicable surcharge and education cess.

4. Capital Gains

Particulars	Short-term capital gains tax rates (a)	Long-term capital gains tax rates (a)
Sale transactions of equity shares / unit of an equity oriented fund which attract STT	15%	Nil
Sale transaction other than mentioned above:		
Individuals (resident and non-residents)	Progressive slab rates	20% with indexation; 10% without indexation (for units/ zero coupon bonds)
Firms including LLP (resident and non-resident)	30%	
Resident Companies	30%	
Overseas financial organisations specified in section 115AB	40% (corporate) 30% (non-corporate)	10%
FII's	30%	10%
Other Foreign companies	40%	20% / 10%
Local authority	30%	10% without indexation (for units/ zero coupon bonds) / 20% (for others)
Co-operative society rates	Progressive slab	

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

Personal Tax Scenarios

Individual	Income Level		
	500,000	1,000,000	1,500,000
Tax in FY 2008-09	56,650	211,150	402,215
Tax in FY 2009-10	55,620	210,120	364,620
Effective Tax Savings	1,030	1,030	37,595
Effective Tax Savings (%)	2	0.5	9

Resident women below 65 years	Income Level		
	500,000	1,000,000	1,500,000
Tax in FY 2008-09	53,560	208,060	398,816
Tax in FY 2009-10	52,530	207,030	361,530
Effective Tax Savings	1,030	1,030	37,286
Effective Tax Savings (%)	2	0.5	9

Resident senior citizen	Income Level		
	500,000	1,000,000	1,500,000
Tax in FY 2008-09	48,925	203,425	393,718
Tax in FY 2009-10	47,380	201,880	356,380
Effective Tax Savings	1,545	1,545	37,338
Effective Tax Savings (%)	3	0.75	9