TAX IMPLICATIONS ON MUTUAL FUND INVESTMENTS – 2008-09

	Equity Oriented Mutual Fund Scheme	**Debt Oriented Mutual Fund Scheme**
Dividend Income	Exempt in the hands if investors	Exempt in the hands if investors
DDT	Not payable by the Mutual Funds	Payable by the Mutual Funds at following rates: **For Non Liquid / Money Market Schemes:** In case of Dividend is being paid to Individual / HUF: 14.16% (12.5+10+3) In case of dividend is being paid to any other person: 22.66 (20+10+3) **For Liquid / Money Market Schemes:** 28.33% (25+10+3)
LTCG	Exempt subject to payment of STT	Taxed @ 20% (with Indexation) or 10% (without Indexation) – Plus applicable surcharge and Cess.
STCG	Taxed @ 15% (Plus applicable surcharge and Cess) subject to payment of STT	Taxed at the normal rate of tax as applicable to the assessee.

Tax Deducted at source – Dividend Income:

- TDS is not to be deducted from the income distributed by the mutual funds.

Tax Deducted at source – Capital Gains:

- In case of Residents, TDS is not deducted,
- In case of NRIs, it is deducted only for STCG at the rate of 15% plus applicable surcharge and cess. LTCG of NRIs is not liable to TDS.
- In case of FIIs, no TDS is to be deducted irrespective of the nature of capital gains.

STT Rates:

Purchase and Sell of units of equity oriented Mutual Fund Scheme on a recognised Stock Exchange on delivery basis – 0.125% (payable by buyer and seller).

Sell of units of equity oriented Mutual Fund Scheme on a recognised Stock Exchange on non-delivery basis – 0.025% (payable by seller).

Sell of units of equity oriented Mutual Fund Scheme to the Mutual Fund – 0.25%.

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