14 Taxation of Business Trust / Investment Fund / Securitisation Trust

• Business Trust (REIT / InvIT)

Business Trust compulsory required to file return u/s 139(4E).

Taxability --> @ MMR - 42.744% (30+37+4)

Type of Income	In the hands of REIT	In the hands of Unit holder of REIT	In the hands of InvIT	In the hands of Unit holder of InvIT
a. Interest from SPV	Exempt 10(23FC)	Taxable (See #)	Exempt 10(23FC)	Taxable (See #)
b. Rental Income	Exempt 10(23FCA)$	Taxable (See #)	Taxable (TDS u/s 194I)	Exempt 10(23FD)
c. Dividend Income from SPV				
- SPV **opt** Sec 115BAA	Exempt 10(23FC)	Taxable (See #)	Exempt 10(23FC)	Taxable (See #)
- SPV **does not opt** Sec 115BAA	Exempt 10(23FC)	Exempt 10(23FD)	Exempt 10(23FC)	Exempt 10(23FD)
d. Dividend from Domestic Company	Taxable @ MMR 42.744% (30+37+4)	Exempt 10(23FD)	Taxable @ MMR 42.744% (30+37+4)	Exempt 10(23FD)
e. LTCG u/s 112A	Taxable@ 10%	Exempt 10(23FD)	Taxable@ 10%	Exempt 10(23FD)
f. STCG u/s 111A	Taxable@ 15%	Exempt 10(23FD)	Taxable@ 15%	Exempt 10(23FD)
g. LTCG u/s 112	Taxable@ 20%	Exempt 10(23FD)	Taxable@ 20%	Exempt 10(23FD)
h. Other Income	Taxable @ MMR 42.744% (30+37+4)	Exempt 10(23FD)	Taxable @ MMR 42.744% (30+37+4)	Exempt 10(23FD)

$ Rental Income from Properties directly held by REIT

Taxable Rate and TDS Details - Unit Holders

Type of Income	Unit holders	Taxable @ Rate	TDS u/s 194LBA
Interest	NR / Foreign Co.	5%	5%
	Other (Resident)	Normal Tax Rate	10%
Rental Income (from REIT)	NR / Foreign Co.	Normal Tax Rate	Sec 195 (Rate in Force)
	Other (Resident)	Normal Tax Rate	10%
Divident from SPV (If SPV opt 115BAA)	NR / Foreign Co.	10%	10%
	Other (Resident)	Normal Tax Rate	10%

Capital Gain

Taxable When	When Sponsors Sell unit of business trust then it's taxable
If Units of Business Trust is Listed	1. Period of Holding > 36 Month --> Then LTCG u/s 112A @ 10% in Excess of 1 Lakh 2. Period of Holding < 36 Month --> Then STCG u/s 111A @ 15%
If Units of Business Trust is Unlisted	1. Period of Holding > 36 Month --> Then LTCG u/s 112 @ 20% 2. Period of Holding < 36 Month --> Then STCG Normal @ 30%

• Investment Fund

Investment fund compulsorily required to file return u/s 139(4F)

Taxability --> Inv. fund is Company [30% / 25%] If Firm / LLP [30%] If Trust [MMR -42.744]

Type of Income	to Investment fund	to Unit Holder
Business Income	**Taxable**	Exempt 10(23FBB)
Other Income	Exempt 10(23FBA)	**Taxable**

TDS u/s 194LBB

Resident - 10%

NR / FC - Rate in Force

Imp --> Losses incurred by Investment Fund (Amended by FA 2019)

1. PGBP Loss	Shall be allowed to be c/f and it shall be set-off by investment fund only and It shall not be passed on to the unit holder.
2. Other Loss	Shall also be ignored for the purposes of pass through to its unit holders, If such loss has arisen in respect of a unit which has not been held by the unit holder for a period of at least 12 months.

Rule 12CB: Submission of Statement of Income Paid or Credited by Investment Fund

Document to be submitted	Form No.	Due date
By Investment Fund to Unit holders	Form 64C	by 30th June of the FY following the PY during which the income is paid or credited
By Investment Fund to Principal Commissioner or Commissioner	Form 64D	by 15th June of the FY following the PY during which income is paid or credited

• Securitisation Trust

	to Trust	to Investor
Income received -->	Exempt 10(23DA) No TDS	**Taxable** TDS - 194LBC

<u>TDS u/s 194LBC</u>

R. Individual / HUF - 25%
Other Resident - 30%
NR & Foreign Co. - Rate in Fo

• Submission of Statement of Income Paid or Credited

(Common Point for Business Trust, Investment Fund & Securitisation Trust)

To Unit Holders -	by 30th June of the FY following the PY during which the income is paid or credited
To IT Authority (Auth. = CIT / PCIT)	by 30th November of the FY following the PY during which income is paid or credited * * by 15th June incase of Investment Fund

15 Taxation of Political Parties and Electoral Trust

Political Parties

Sec 13A - Certain Income of Political party shall exempt if	Certain income of political party shall be exempted if following conditions are satisfied; a. Maintain Books of A/c & documents b. Political Party must get its books of accounts audited c. Keep & maintain record of each voluntary contribution / donation > Rs. 20,000 d. Donation > Rs. 2000 should be recd through only by a/c payee chq /dd / ECS/ electoral bond e. Submission of report u/s 29C(3) of the Representation of the People Act 1951 for the FY.		
If above Conditions are satisfied then;	Income from HP, Capital Gain, IFOS --> Fully Exempt Income from Business and Professions --> Fully Taxable Note --> Political parties are compulsory required to file return upto the due date of return filing for availing exemption u/s 13A		
Donation to Political Party	Person donating to Political party will get 100% deduction	u/s 80GGB (Indian Company). u/s 80GGC (other Assessee).	
	Note : Deduction u/s 80 GGB/ 80GGC- Not available if donation made incash.		

Electoral Trust

Sec 13B - Donation exempt if 2 conditions are satisfied	1. **At least 95% or more aggregate donation** of the current year along with surplus B/f from the earlier year is distributed to political party referred u/s 29A of Representative of the People Act 1951 2. **Function** in accordance with the **rules made by Central government.**		
Electoral trust may receive voluntary contribution from	a. An individual who is a citizen of India b. A company which is registered in India c. A firm / HUF or an AOP/BOI resident in India		
Electoral trust shall not accept contribution	a. From Individual who is not citizen of India/ from any foreign entity whether incorporated/ not. b. From any electoral trust c. From a government company as defined in sec 2(45) of the companies act d. From foreign source as defined in sec 2(j) of the Foreign Contribution (Regulation) Act, 2010		
Donation	Person donating to Electoral Trust will get 100% deduction	u/s 80GGB (Indian Company). u/s 80GGC (other Assessee).	
Donation in way of	Accept		Shall not Accept
	- Only by way of an account payee cheque drawn on a bank or - account payee bank draft or - by electronic transfer to its bank account		- any contribution in cash