

# Tax Ready Reckoner FY 2023-24

Snapshot specific for the Schemes of UTI Mutual Fund

The rates are applicable for the financial year 2023-24

## Capital Gain Tax

### Tax on Short Term Capital Gains (STCG)

	Individual / HUF	Domestic Company	NRI##
<b>Equity oriented schemes**</b> More than or equal to 65% of total proceeds is invested in the equity share of domestic companies (units held for 12 months or less)	15% + 4% Cess = 15.60%	15% + 4% Cess = 15.60%	15% + 4% Cess = 15.60%
<b>Other than equity oriented schemes –</b> Between 35% to 65% of total proceeds is invested in the equity share of domestic companies (units held for 36 months or less)	30%^ + 4% Cess = 31.20%	30%^ + 4% Cess = 31.20%	30%^ + 4% Cess = 31.20%
<b>Specified Mutual Fund Schemes –</b> Less than 35% of total proceeds is invested in the equity share of domestic companies (units held for any period of time)			

### Tax on Long Term Capital Gains (LTCG)

	Individual / HUF#	Domestic Company	NRI##
<b>Equity oriented schemes**</b> (units held for more than 12 months)	10% + 4% Cess = 10.40%	10% + 4% Cess = 10.40%	10% + 4% Cess = 10.40%
<b>Other than equity oriented schemes –</b> (units held for 36 months or more)	20%† + 4% Cess = 20.80%	20%† + 4% Cess = 20.80%	20%† + 4% Cess (Listed) 10% + 4% Cess (Unlisted%) = 20.80% (Listed) = 10.40% (Unlisted)
<b>Specified Mutual Fund Schemes</b>	Long term capital gains regime has been made unavailable under the Finance Act 2023. Irrespective of whether the units of such schemes are held for more than 36 months shall be treated as short term capital gains		

\*\*Securities transaction tax (STT) shall be payable and deducted on equity oriented mutual funds schemes at the time of redemption/ switch to the other schemes/ sale of units.

^ Assuming the investor falls into highest tax bracket. ^ ^ If total turnover or gross receipts of a domestic company (in manufacture/production of goods and not claiming specified incentives/deductions) during the financial year 2020-21 does not exceed ₹ 400 crores – income tax rate will be 25% u/s 115BA. For domestic companies (not claiming specified incentives and deductions) income tax rate is 22% u/s 115BAA and domestic manufacturing companies (not claiming specified incentives and deductions) set-up and registered on or after October 1, 2019 and the date of commencement of manufacture is March 31, 2024, at the rate of 15% u/s 115BAB. The tax computed for such domestic companies will also be subject to surcharge and HEC as specified.

# Income-tax at the rate of 10% (without indexation) on long-term capital gains exceeding ₹ 1 lakh in a financial year provided redemption/ switch/ transfer of such units are subject to STT. Further grandfathering benefit has been provided for long term capital gains accrued upto 31st January 2018.

## Applicable tax (along with applicable Surcharge and Health & Education Cess) will be deducted at source at the time of redemption/ switch of units in case of NRI investors.

‡ After providing for indexation. % without foreign currency fluctuation and indexation benefit

## Securities Transaction Tax (STT)

### Equity Oriented Fund:

STT on sale of a unit of equity oriented mutual fund to the mutual fund is levied at 0.001% (STT payable by the seller). No STT is chargeable on purchase of units of an equity oriented mutual fund entered into in recognized stock exchange.

STT on sale of a unit of an equity oriented mutual fund where the transaction is entered into in recognized stock exchange and the contract for sale is settled by the actual delivery is levied at 0.001% (STT payable by the seller).

### Other than Equity Oriented Fund:

Purchase/ sale/ redemption of units other than equity-oriented units shall not be subject to STT.

## Tax on Income Distribution

	Individual / HUF (Resident In India)	Domestic Company	NRI
<b>Equity/ Other than equity oriented schemes</b> (Tax on dividend received)	As per slab rates	As per applicable rates	As per slab rates
<b>Tax deduction at source (TDS):</b>			
<b>Equity/ Other than equity oriented schemes</b>	10%\$	10%\$	20%& or rate as per applicable tax treaty*** (whichever is lower)
<b>Income Distribution Tax:</b>			
<b>Equity/ Other than equity oriented schemes</b> (Payable by the mutual fund scheme)	Nil	Nil	Nil

\$Tax is required to be deducted at source under section 194K of the Act.

Tax will not be required to be deducted at source where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed five thousand rupees. However, on account of practical difficulties involved due to the unique nature of mutual fund investments, different schemes involved and irregular frequency of dividend declaration, **UTI Mutual Fund shall deduct TDS from each income distributed i.e. even when the income distribution amount paid is less than ₹ 5,000 or has not reached the aggregate threshold limit of ₹ 5,000.** In case the total TDS exceeds the actual tax liability of any investor, the investor can claim refund while filing their income-tax return.

&Tax to be deducted at source as per Section 196A of the Act, plus applicable surcharge (refer table on surcharge rates), if any. Also health and education cess at the rate of 4% on income tax and surcharge. \*\*\* Tax treaty benefit can be claimed subject to fulfillment of stipulated conditions as well as interpretation of Article of relevant tax treaty

## Tax Slabs

### Existing/Regular Tax Regime

Income tax rates for individual / HUF / AOP/ BOI				
<b>Total Income</b>	Up to ₹ 2,50,000 <sup>(a)(b)</sup>	₹ 2,50,001 to ₹ 5,00,000 <sup>(c)</sup>	₹ 5,00,001 to ₹ 10,00,000	₹ 10,00,001 and above
<b>Tax Rates</b>	Nil	5%	20%	30%

a) 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 ₹ 3,00,000.

b) In the case of a resident individual of the age of 80 years or more, the basic exemption limit is ₹ 5,00,000.

c) A resident individual (whose net income does not exceed ₹ 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100% of income-tax or ₹ 12,500, whichever is less. Surcharge, if applicable, and cess will also apply.

### New/Alternative Tax Regime (ATR)

Income tax rates for individual / HUF						
<b>Total Income</b>	Up to ₹ 3,00,000	₹ 3,00,001 to ₹ 6,00,000	₹ 6,00,001 to ₹ 9,00,000	₹ 9,00,001 to ₹ 12,00,000	₹ 12,00,001 to ₹ 15,00,000	₹ 15,00,001 and above
<b>Tax Rates</b>	Nil	5%	10%	15%	20%	30%

Under the ATR, certain exemptions/ losses/ deductions cannot be claimed which are available under the regular tax regime.

From A.Y. 2024-25, the ATR, u/s 115BAC is the default tax regime for an individual/HUF/AOP/BOI/artificial juridical person. However they can avail the regular tax regime, if it is more beneficial, by exercising the option u/s 115BAC(6).

Resident individuals having total income not exceeding Rs. 7,00,000 can avail rebate of 25,000 or actual tax liability whichever is lower.

Assessee does not have business / profession income – If the assessee does not have business / profession income, the option for regular tax regime must be exercised along with the return of income under section 139(1) for every previous year.

Assessee having business / profession income – If the assessee has business / profession income and no option is exercised, he will be governed by the ATR. The assessee can avail regular tax regime by exercising the option to be exercised on or before the due date of submission of return of income under section 139(1) and such option, once exercised shall apply to subsequent assessment year as well. However, the option once exercised for any previous year can be withdrawn only once for a previous year (other than the year in which it was exercised) and thereafter the person shall never be eligible to exercise the option of availing the benefit of regular tax regime (except where such person ceases to have any income from business or profession).

### Surcharge Rate as a % of Income Tax

	Income <= ₹ 50 lakhs	Income > ₹ 50 lakhs but <= ₹ 1 Crore	Income > ₹ 1 Crore but <= ₹ 2 Crores	Income > ₹ 2 Crs. but <= ₹ 5 Crores	Income > ₹ 5 Crores
Individual, HUF, AOP, BOI	Nil	10%	15%	25%	37%

	Income <= ₹ 1 Crore	Income > ₹ 1 Crore but <= ₹ 10 Crore	Income > ₹ 10 Crore	-	-
Partnership Firm (Domestic and Foreign)	Nil	12%	12%	12%	12%
Domestic Company	Nil	7%	12%	12%	12%
Domestic Company opting for new tax regime under Section 115BAA or Section 115BAB	10%	10%	10%	10%	10%
Foreign Company	Nil	2%	5%	5%	5%

**Regular Regime:** Surcharge is 15% of income tax pertaining to dividend income or capital gains under section 111A and section 112A and income chargeable u/s 112 of the Act, surcharge of 15% will be applicable and enhanced surcharge of 37% and 25% is not applicable. Different rates apply for FPIs.

**Alternative Tax Regime:** Under section 115BAA and 115BAB, surcharge shall not exceed 10%. Under section 115 BAC, surcharge shall not exceed 25% from assessment year 2024-25. If income includes capital gains taxable under section 111A/112/112A, surcharge cannot exceed 15% of income tax on such gains. Further, in case of AOP, consisting of only companies as members, surcharge shall not exceed 15% of income tax on such gains. Different surcharge rates apply for assesses falling under other than the sections mentioned above.

#### Notes:

- As per the amendments made in the income tax provisions vide the Finance Act 2023, with effect from 01st April 2023, all redemptions/switches of units of the specified mutual fund (i.e. schemes of mutual fund where not more than thirty five percent of its total proceeds is invested in the equity shares of domestic companies) even if held for more than thirty six months shall be treated as short term capital gains without any indexation benefit.
- As per Section 94(7), where any person (a) buys or acquires any securities or units of mutual fund within a period of three months prior to the record date and (b) sells or transfers such securities within a period of three months after such date or such unit within a period of nine months after such date and the dividend or income on such securities or units received or receivable by such person is exempt, then the loss, if any, arising to such person on account of such purchase and sale of securities or units, to the extent such loss does not exceed such amount of dividend or income received or receivable on such securities or units, shall be ignored for the purposes of computing his income chargeable to tax.
- As per Section 94(8), where additional securities or units have been issued to any person without any payment, on the basis of existing securities or units held by such person then the loss on sale of original securities or units shall be ignored for the purpose of computing income chargeable to tax, if (a) the original securities or units were acquired within 3 months prior to the record date fixed for receipt of additional securities or units and (b) sold original securities or units within 9 months from such record date while continuing to hold all or any of the additional securities or units. However, the loss so ignored shall be considered as cost of acquisition of such additional securities or units held on the date of sale of original securities or units by such person.
- As per section 206(AB), where tax is required to be deducted at source, under the provisions of Chapter XVIIIB, other than sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB, 194LBC, 194M or 194N on any sum or income or amount paid, or payable or credited to a "specified person" (as defined under this section) who has not filed the income tax returns for the assessment year relevant to the previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under section 139 (1) has expired and the aggregate of tax deducted at source and tax collected at source is rupees fifty thousand or more in the previous year, in such an event, tax shall be deducted at source at higher of the two rates as provided in section 206(AA) or 206(AB). As per this section, "Specified Person" shall, inter alia, not include a non resident who does not have a permanent establishment in India.

Tax rates mentioned herein are (i) also subject to surcharge on income-tax, if applicable, plus Health and Education cess @ of 4% on income-tax and surcharge (ii) also subject to Minimum Alternate Tax (MAT), if applicable (iii) subject to DTAA's for the non-resident/foreign investors who may be governed under the relevant DTAA's. Failure to furnish Permanent Account Number (PAN) to the person responsible for deducting such tax, higher tax will be payable as per section 206(AA) of the Act and/or under the income tax law.

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