

# Tax Reckoner 2021-22

## Snapshot of Tax rates specific to Mutual Funds

Tax rates applicable for the Financial Year 2021-22

Income Tax implications on income in respect of units of Mutual Funds.

Sr. No.	Investor type	Withholding tax rate
1	Resident	10%*
2	NRI	20%**

\* As per section 194K, tax is not deductible if dividend income in respect of units of MF is below `5000/- in a financial year.

\*\* The Base tax rate is required to be further increased by surcharge at the following rates –

- 37% on base tax where income or aggregate of such income exceeds Rs.5 crore.
- 25% where income or aggregate of such income exceeds Rs.2 crore but does not exceed Rs.5 crore
- 15% where income or aggregate of such income exceeds `1 crore but does not exceed `2 crores and
- 10% where income or aggregate of such income exceeds `50 lakhs but does not exceed `1 crore

Further, 'Health and Education Cess' is to be levied at 4% on aggregate of base tax and surcharge.

## Capital Gains Taxation

	Individual/HUF <sup>1</sup>	Domestic Company <sup>①</sup>	NRI <sup>5#</sup>
<b>Equity Oriented Schemes</b>			
• Long Term Capital Gains (units held for more than 12 months) • Short Term Capital Gains (units held for 12 months or less)			
Long Term Capital Gains	10% <sup>##</sup>	10% <sup>##</sup>	10% <sup>##</sup>
Short Term Capital Gains	15%	15%	15%
<b>Other Than Equity Oriented Schemes</b>			
Long Term Capital Gains (units held for more than 36 months) • Short Term Capital Gains (units held for 36 months or less)			
Long Term Capital Gains	20% <sup>&amp;</sup>	20% <sup>&amp;</sup>	Listed - 20% <sup>&amp;</sup> Unlisted - 10%*
Short Term Capital Gains	30% <sup>^</sup>	30%/25% <sup>^^</sup> /22% <sup>^^^</sup> /15% <sup>^^^^</sup>	30% <sup>^</sup>
<b>Tax Deducted at Source (Applicable only to NRI Investors)</b>			
		<b>Short term capital gains</b>	<b>Long term capital gains</b>
Equity oriented schemes		15%	10%
Other than equity oriented schemes		30% <sup>^</sup>	10%* (for unlisted) 20% <sup>&amp;</sup> (for listed)

Surcharge for Domestic Companies.

Surcharge Applicable in case of Individual/HUF/AOP/BOI/Artificial judicial person:

Sr. No.	Total Income	Applicable surcharge rate	Sr. No.	Particulars	Applicable surcharge rate
1.	Between `1 crore to `10 Crores	7%	1.	Total income upto `50 lakhs	No Surcharge
2.	Above `10 Crores	12%	2.	Total income between `50 lakhs to `1 crore	10%
3.	Corporates opting for lower tax rates of 22%/15%	10%	3.	Total income between `1 crore to `2 crores	15%
			4.	Specified income between `2 crore to `5 Crores	25%
			5.	Specified income above `5 Crores	37%

Tax rates mentioned above are exclusive of surcharge and health and education cess.

Specified income - Total income excluding income under the provisions of section 111A and 112A of the income tax act (i.e. equity CG)

# Short term/long term capital gain tax (along with applicable Surcharge and Health & Education cess) will be deducted at the time of redemption of units in case of NRI investors.

& After providing indexation.

\* Without indexation.

^ Assuming the investor falls into highest tax bracket.

^^ If total turnover or gross receipts during the financial year 2019-20 does not exceed Rs. 400 crores.

## Tax at 10% (without indexation) will be charged on capital gain exceeding `1 lakh provided that transfer of such units is subject to STT.

^^^ This lower rate is optional and subject to fulfillment of certain conditions as provided in section 115BAA.

^^^^ This lower rate is optional for companies engaged in manufacturing business (set-up and registered on or after 1st October 2019) subject to fulfillment of certain conditions as provided in section 115BAB.

Further, the domestic companies are subject to minimum alternate tax (except those who opt for lower rate of tax of 22%/15%) not specified in above tax rates.

Transfer of units upon consolidation of mutual fund schemes 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.

Relaxation to non-residents from deduction of tax at higher rate (except income distributed by mutual fund) in the absence of PAN subject to them providing specified information and documents.

**Bonus Stripping:** The loss due to sale of original units in the schemes, where bonus units are issued, will not be available for set off; if original units are: (A) bought within three months prior to the record date fixed for allotment of bonus units; and (B) sold within nine months after the record date fixed for allotment of bonus units. However, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such unsold bonus units.

### 1 Individual income tax rate slabs

For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial juridical persons

#### Option A

Total Income	Tax Rates
Up to ` 250,000 <sup>(a)(b)</sup>	NIL
` 250,001 to ` 500,000 <sup>(d)(e)</sup>	5%
` 500,001 to ` 1,000,000 <sup>(d)</sup>	20%
` 1,000,001 and above <sup>(c)(d)</sup>	30%

- (a) In the case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is ` 300,000.  
 (b) In case of a resident individual of age of 80 years or above, the basic exemption limit is ` 500,000.  
 (c) Surcharge Applicable in case of Individual/HUF/AOP/BOI/Artificial juridical person:

Sr. No.	Particulars	Applicable surcharge rate
1.	Total income upto 50 lakhs	No Surcharge
2.	Total income between 50 lakhs to 1cr	10%
3.	Total income between 1 cr to ` 2 cr	15%
4.	Specified income between ` 2 cr to ` 5 cr	25%
5.	Specified income above ` 5 cr	37%

- (d) The said Health and Education Cess at 4% will apply on aggregate tax and surcharge.  
 (e) Individuals having total income not exceeding Rs 5,00,000 can avail rebate of lower of actual tax liability or Rs.12,500.

Specified income - Total income excluding income under the provisions of section 111A and 112A of the income tax act

#### Option B

The Finance Bill, 2020 has proposed optional new tax regime:

Total Income	Tax Rates
Upto ₹ 2,50,000	Nil
₹ 2,50,001 to ₹ 5,00,000	5%
₹ 5,00,001 to ₹ 7,50,000	10%
₹ 7,50,001 to ₹ 10,00,000	15%
₹ 10,00,001 to ₹ 12,50,000	20%
₹ 12,50,001 to ₹ 15,00,000	25%
From ₹ 15,00,001 and above	30%

For adopting, Option B, most of deductions/exemptions such as sections 80C/80D etc. are to be forgone. The aforesaid tax regime is optional. Individuals/HUFs have the option to be taxed under either of the options. Option B once exercised can be changed in subsequent years (not applicable for business income).

### 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 (delivery based)	0.1%	Purchaser/Seller
Purchase of units of equity oriented mutual fund	Nil	Purchaser
Sale of units of equity oriented mutual fund (delivery based)	0.001%	Seller
Sale of equity shares, units of equity oriented mutual fund, units of business trust (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.05%*	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a future in securities	0.010%	Seller
Sale or surrender or redemption of a unit of an equity oriented fund to an insurance company, on maturity or partial withdrawal with respect to ULIP issued by such insurance company on or after the first day of February 2021	0.001%	Seller
Sale of unit of an equity oriented fund to the Mutual Fund	0.001%	Seller
Sale of unlisted equity shares and units of business trust under an initial offer	0.2%	Seller

### 5 Personal income tax scenarios (Amount in Rupees)

Resident Individual	Total income								
	4,75,000	8,25,000	10,00,000	12,00,000	15,00,000	56,50,000	1,11,50,000	2,11,50,000 #	5,11,50,000 #
Tax in FY 2021-22 (Option A)*	Nil***	49,400	85,800	1,32,600	2,26,200	16,73,100	37,22,550	79,46,250	2,15,32,290
Tax in FY 2021-22 (Option B)**	Nil***	50,700	78,000	1,19,600	1,95,000	16,38,780	36,86,670	79,07,250	2,14,89,546
Additional Tax burden/(savings) in option B	-	1,300	-7,800	-13,000	-31,200	-34,320	-35,880	-39,000	-42,744
Additional Tax burden/(savings)(%) in option B	-	2.63%	-9.09%	-9.80%	-13.79%	-2.05%	-0.96%	-0.49%	-0.20%
Resident Senior citizen (aged above 60 years but below 80 years)	Total income								
	4,75,000	8,25,000	10,00,000	12,00,000	15,00,000	56,50,000	1,11,50,000	2,11,50,000 #	5,11,50,000 #
Tax in FY 2021-22 (Option A)*	Nil***	46,800	83,200	1,30,000	2,23,600	16,70,240	37,19,560	79,43,000	2,15,28,728
Tax in FY 2021-22 (Option B)**	Nil***	50,700	78,000	1,19,600	1,95,000	16,38,780	36,86,670	79,07,250	2,14,89,546
Additional Tax burden/(savings) in option B	-	3,900	-5,200	-10,400	-28,600	-31,460	-32,890	-35,750	-39,182
Additional Tax burden/(savings)(%) in option B	-	8.33%	-6.25%	-8.00%	-12.79%	-1.88%	-0.88%	-0.45%	-0.18%
Resident very Senior citizens (aged above 80 years)	Total income								
	4,75,000	8,25,000	10,00,000	12,00,000	15,00,000	56,50,000	1,11,50,000	2,11,50,000 #	5,11,50,000 #
Tax in FY 2021-22 (Option A)*	Nil***	36,400	72,800	1,19,600	2,13,200	16,58,800	37,07,600	79,30,000	2,15,14,480
Tax in FY 2021-22 (Option B)**	Nil***	50,700	78,000	1,19,600	1,95,000	16,38,780	36,86,670	79,07,250	2,14,89,546
Additional Tax burden/(savings) in option B	-	14,300	5,200	-	-18,200	-20,020	-20,930	-22,750	-24,934
Additional Tax burden/(savings)(%) in option B	-	39.29%	7.14%	0.00%	-8.54%	-1.21%	-0.56%	-0.29%	-0.12%

### 3 Special rates for non-residents as per domestic tax law

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

Transaction	Rates <sup>(a)</sup>
Dividend	20%
Interest received on loans given in foreign currency to Indian concern or Government of India (not being interest referred to in section 194LB or section 194LC)	20%
Income received in respect of units purchased in foreign currency of specified Mutual Funds/UTI	20%
Royalty or fees for technical services <sup>(b)</sup>	10%
Interest income from a notified Infrastructure Debt Fund specified loan agreement, specified long term bonds, rupee denominated bonds <sup>(c)</sup> and business trust.	5%
Interest on FCCB / Dividend on GDRs	10%

- (a) These rates will further increase by applicable surcharge and health and education cess.  
 (b) 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 PE, the same could be taxed at 40% (plus applicable surcharge and health and education cess) on net basis.  
 (c) Interest payable to a non-resident in respect of monies borrowed by any Indian company or business trust from a source outside India by way of issue of rupee denominated bond during the period 17th September 2018 to 31st March 2019 is exempt from tax.  
 (2) Tax on non-resident sportsmen or sports association on specified income @ 20% plus applicable surcharge and health and education cess.

### 4 Capital Gains

Transaction	Short Term Capital Gains <sup>(a)</sup>	Long Term Capital Gains <sup>(a)(b)</sup>
Sale transactions of equity shares/unit of an equity oriented fund which attract STT	15%	10%*
Sale transaction other than mentioned above:		
Individuals (resident and non-resident)	Progressive slab rates	20% / 10% <sup>(b)</sup>
Partnerships	30%	
Resident companies	30%/25% <sup>(d)</sup> /22% <sup>(d)</sup> /15% <sup>(f)</sup>	
Overseas financial organisations specified in section 115AB	40% (corporate) 30% non corporate)	10%
FIs	30%	10%
Other Foreign companies	40%	20% / 10% <sup>(c)</sup>
Local authority	30%	20% / 10%
Co-operative society rates	Progressive labor 20% <sup>(d)</sup>	20% / 10%

\* Long term capital gains exceeding ` 1 lakh will be taxable at 10% (without indexation and foreign exchange fluctuation)

- (a) These rates will further increase by applicable surcharge & education cess.  
 (b) Income tax rate of 20% with indexation and 10% without indexation.  
 (c) Long term capital gains arising to a non-resident from transfer of unlisted securities or shares of a company, not being a company in which the public are substantially interested, subject to 10 per cent tax (without benefit of indexation and foreign currency fluctuation).  
 (d) If total turnover or gross receipts of the financial year 2019-20 does not exceed ` 400 crores.  
 (e) The lower rate is optional and subject to fulfillment of certain conditions provided in section 115BAA.  
 (f) This lower rate is optional for companies engaged in manufacturing business (set up and registered on or after 1st October 2019) subject to fulfillment of certain conditions as provided in section 115BAB.  
 (g) Co-operative societies have the option to be taxed at progressive tax rate or 20% subject to fulfillment of certain conditions as provided in section 115BAD.

\*For purpose of tax calculation under Option A, ad hoc deduction of Rs.1,50,000/- has been claimed. The ad hoc deduction is only illustrative in nature. Basis actual deduction, the tax amount will vary.

\*\*For purpose of tax calculation under Option B, no exemption / deductions have been claimed

\*\*\* NIL tax on account of rebate under section 87A

# if the said taxable income includes income by way of dividend or capital gains under section 111A and section 112A of the Act, then enhanced surcharge of 37% and 25% would not be applicable and accordingly effective tax rate would be lower

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