

Tax Reckoner 2023-24

Snapshot of Tax rates specific to Mutual Funds

Tax rates applicable for the Financial Year 2023-24.

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 is to be further increased by surcharge# at the rate of:

- 37% on base tax where income or aggregate of such income exceeds ₹ 5 crore;
- 25% where income or aggregate of such income exceeds ₹ 2 crore but does not exceed ₹ 5 crore;
- 15% where income or aggregate of such income exceeds ₹ 1 crore but does not exceed ₹ 2 crore; and d 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.

Finance Act, 2020 has capped maximum surcharge at 15% w.r.t. WHT on dividends paid to non-resident non-corporate investors (namely individual, HUF, AOP, BOI, artificial judicial person etc.)

As per section 139AA of the Income tax Act, 1961 ("the Act") read with rule 114AAA of Income Tax Rules, 1962, in case of a resident person, whose PAN becomes inoperative due to PAN-Aadhaar non linking on or before 31st March 2022, it shall be deemed that he has not furnished the PAN and tax could be withheld at a higher rate of 20% basis section 206AA of the Act.

Capital Gains Taxation

Capital gains nature	Percentage Exposure of scheme to equity shares of domestic company is:		
	Greater than 65% (Equity oriented Fund)	Less than or equal to 35% (Specified Mutual Fund as per section 50AA)	Between 35% and 65% (Other than equity-oriented Fund and Specified Mutual Fund)
Short-term capital gains rate	15% without indexation	Ordinary tax rate*	Ordinary tax rate*
Long-term capital gains rate	10## without indexation		Resident- 20% with indexation NRI*: -20% with indexation (for listed) -10% without indexation (for unlisted)

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

Surcharge for Domestic Companies.

Sr. No.	Total Income	Applicable surcharge rate (For Corporate)
1.	Between ₹ 1 crore to ₹ 10 Crores	7%
2.	Above ₹ 10 Crores	12%
3.	Corporates opting for lower tax rates of 22% (115BAA) 15% (115BAB)	10%

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

Sr. No.	Particulars	Applicable surcharge rate (For Individual/HUFs)
1.	Total income upto ₹ 50 lakhs	No Surcharge
2.	Total income between ₹ 50 lakhs to ₹ 1 crore	10%
3.	Total income between ₹ 1 crore to ₹ 2 crores	15%
4.	Specified income between ₹ 2 crores to ₹ 5 Crores	25%
5.	Specified income above ₹ 5 Crores	37% / 25%*

Specified income- Total income excluding income by way of dividend or income under provisions of section 111A, section 112 and 112A of the Income Tax Act, 1961 (the Act)

* Surcharge is limited to 25% for individuals/HUFs opting for New regime.

* Ordinary tax rates:

Individual/HUF- Progressive slab rates

Domestic company- 30%/25%/22%/15%^^^

Short-term/long-term capital gain tax (along with applicable surcharge and education cess) will be deducted at the time of redemption of units in case of NRI investors only.

^ Assuming the investor falls into highest tax bracket.

^^ If total turnover or gross receipts during the financial year 2020-21 does not exceed ₹ 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 not chargeable to tax on capital gains.

Transfer of units upon consolidation of plans within mutual fund schemes in accordance with SEBI (Mutual Funds) Regulations, 1996 is not chargeable to tax on capital gains.

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.

Tax to be deducted at twice the applicable rate in case of payments to specified person (except non-resident not having permanent establishment in India) who has not furnished the return of income for the assessment year relevant to previous year immediately preceding the financial year in which tax is required to be deducted, for which time limit for filing return has expired and the aggregate of tax deducted at source in his case is ₹ 50,000 or more in the said previous year. Further, if provisions of section 206AA are also applicable then tax to be deducted at higher of the two rates provided i.e. rate as per section 206AB or section 206AA.

1 Individual income tax rate slabs

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

Option 1 (New regime)

For individuals and HUFs

Total Income	Tax Rates
Upto ₹3,00,000	Nil
₹3,00,001 to ₹6,00,000	5%
₹6,00,001 to ₹9,00,000	10%
₹9,00,001 to ₹12,00,000	15%
₹12,00,001 to ₹15,00,000	20%
From ₹15,00,001 and above	30%

- (a) In case of Option 1, most of deductions/exemptions such as sections 80C/80D etc. are to be forgone. The aforesaid tax regime is optional.
 (b) The aforesaid tax regime is default option unless opted out. The assessee who do not wishes to be assessed under option 1 would have to opt out in the manner as may be prescribed.
 (c) Surcharge is applicable as follows:

Sr. No.	Particulars	Applicable surcharge rate
1.	Total income upto ₹ 50 lakhs	No Surcharge
2.	Total income between ₹ 50 lakhs to ₹ 1 crore	10%
3.	Total income between ₹ 1 crore to ₹ 2 Crores	15%
4.	Specified income above ₹ 2 crores	25%

- (d) Individuals having total income upto ₹ 7,00,000 can avail rebate of lower of actual tax liability or ₹ 25,000

Option 2 (Old regime)

Total Income	Tax Rates
Up to ₹ 250,000 ^(b)	NIL
₹ 250,001 to ₹ 500,000 ^{(d)(e)}	5%
₹ 500,001 to ₹ 1,00,00,000 ^(d)	20%
₹ 1,00,00,001 and above ^{(d)(e)}	30%

- (e) 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.
 (f) In case of a resident individual of age of 80 years or above, the basic exemption limit is ₹ 500,000.
 (g) 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 ₹ 1 crore	10%
3.	Total income between ₹ 1 crore to ₹ 2 Crores	15%
4.	Specified income between ₹ 2 crores to ₹ 5 Crores	25%
5.	Specified income above ₹ 5 Crores	37%

- (h) The said Health and Education Cess at 4% will apply on aggregate tax and surcharge.
 (i) Individuals having total income upto ₹ 5,00,000 can avail rebate of lower of actual tax liability or ₹ 12,500

Specified income - Total income excluding income by way of dividend or income under provisions of section 111A and 112A of the Act. Individuals/HUFs have the option to be taxed under either of the options. Option 2 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	0.1%	Purchaser/Seller
Purchase of units of equity oriented mutual fund	Nil	Purchaser
Sale of units of equity oriented mutual fund	0.001%	Seller
Sale of equity shares, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in securities	0.0625%	Seller
Sale of an option in securities, where option is exercised	0.125%	Purchaser
Sale of a future in securities	0.0125%	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								
	2,50,000	5,00,000	7,00,000	10,00,000	12,00,000	15,00,000	1,00,00,000	5,00,00,000	7,50,00,000
Tax in FY 2022-23 (Old Regime)*	Nil***	Nil***	23,400	85,800	1,32,600	2,26,200	31,66,020	1,91,97,750	3,17,26,734
Tax in FY 2022-23 (New Regime)**	Nil***	Nil***	Nil***	62,400	93,600	1,56,000	30,88,800	1,91,10,000	2,88,60,000
Additional Tax burden/(savings) in option 2	-	-	-23,400	-23,400	-39,000	-70,200	-77,220	-87,750	-28,66,734
Additional Tax burden/(savings) (%) in New Regime	-	-	-100.00%	-27.27%	-29.41%	-31.03%	-2.44%	-0.46%	-9.04%
Resident Senior citizen (aged above 60 years but below 80 years)	Total income								
	2,50,000	5,00,000	7,00,000	10,00,000	12,00,000	15,00,000	1,00,00,000	5,00,00,000	7,50,00,000
Tax in FY 2022-23 (Old Regime)*	Nil***	Nil***	20,800	83,200	1,30,000	2,23,600	31,63,160	1,91,94,500	3,17,23,172
Tax in FY 2022-23 (New Regime)**	Nil***	Nil***	Nil***	62,400	93,600	1,56,000	30,88,800	1,91,10,000	2,88,60,000
Additional Tax burden/(savings) in option 2	-	-	-20,800	-20,800	-36,400	-67,600	-74,360	-84,500	-28,63,172
Additional Tax burden/(savings) (%) in New Regime	-	-	-100.00%	-25.00%	-28.00%	-30.23%	-2.35%	-0.44%	-9.03%
Resident very Senior citizens (aged above 80 years)	Total income								
	2,50,000	5,00,000	7,00,000	10,00,000	12,00,000	15,00,000	1,00,00,000	5,00,00,000	7,50,00,000
Tax in FY 2022-23 (Old Regime)*	Nil***	Nil***	10,400	72,800	1,19,600	2,13,200	31,51,720	1,91,81,500	3,17,08,924
Tax in FY 2022-23 (New Regime)**	Nil***	Nil***	Nil***	62,400	93,600	1,56,000	30,88,800	1,91,10,000	2,88,60,000
Additional Tax burden/(savings) in option 2	-	-	-10,400	-10,400	-26,000	-57,200	-62,920	-71,500	-28,48,924
Additional Tax burden/(savings) (%) in New Regime	-	-	-100.00%	-14.29%	-21.74%	-26.83%	-2.00%	-0.37%	-8.98%

* For the purpose of calculation of tax under option 1, ad hoc deduction of ₹ 1,50,000/- has been claimed. The said ad hoc deduction is only illustrative in nature. Tax liability will vary basis actual facts and figures. ** No exemption/deduction has been considered for computing tax liability under option 2. *** Nil on account of rebate u/s 87A.

The tax rates mentioned above are those provided in the Income Tax Act, 1961 and amended as per Finance Bill, 2023, applicable for the FY 2023-24 relevant to AY 2024-25. In the event of any change, we do not assume any responsibility to update the tax rates consequent to such changes. The tax rates mentioned above may not be exhaustive rates applicable to all types of assesses / taxpayers. The information contained herein is neither a complete disclosure of every material fact of Income tax Act, 1961, nor does constitute tax or legal advice.

Disclaimer: The tax rates mentioned above are only intended to provide general information and are neither designed nor intended to be a substitute for professional tax advice. Applicability of the tax rates would depend upon nature of the transaction, the tax consequences thereon and the tax laws in force at the relevant point in time. Therefore, users are advised that before making any decision or taking any action that might affect their finances or business, they should take professional advice. A non-resident tax payer has an option to be governed by the provisions of the Income Tax Act, 1961 or the provisions of the relevant DTAA, whichever is more beneficial. As per the provisions of the Income Tax Act, 1961, submission of tax residency certificate ("TRC") along with Form No. 10F will be necessary for granting DTAA benefits to non-residents. A taxpayer claiming DTAA benefit shall furnish a TRC of his residence obtained by him from the Government of that country or specified territory. Further, in addition to the TRC, the non-resident may be required to provide such other documents and information subsequently, as may be prescribed by the Indian Tax Authorities, from time to time.

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 ^(a)
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 ^(b)	20%
Interest income from a notified Infrastructure Debt Fund specified loan agreement, specified Long-term bonds, rupee denominated bonds ^(c)	5% ^(d) / 20%
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 before during the period 17th September 2018 to 31st March 2019 is exempt from tax.
 (d) If disbursement of loan or issuance of bonds is before 1 July 2023, the tax rate shall be 5% plus applicable surcharge and cess. If disbursement of loan or issuance of bonds is or after 1 July 2023, the tax rate shall be 20% plus applicable surcharge and cess.
 (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 ^(a)	Long Term Capital Gains ^{(b)(c)}
i. Sale transactions of equity shares/unit of an equity oriented fund which attract STT	15%	10%*
ii. Sale transactions of units of specified Mutual fund where equity is not more than 35%	Ordinary tax rates mentioned as Short-term capital gains in point (iii) below for various classes of investors irrespective of holding period	
iii. Sale transaction other than mentioned above:		
Individuals (resident and non-resident)	Progressive slab rates	20% / 10% ^(b)
Partnerships	30%	
Resident companies	30%/25% ^(d) /22% ^(e) /15% ^(f)	
Overseas financial organisations specified in section 115AB	40% (corporate) / 30% (non corporate)	10%
FPIs	30%	10%
Other Foreign companies	40%	20% / 10% ^(c)
Local authority	30%	20% / 10%
Co-operative society rates or 20% ^(g)	Progressive slab 20%/10%/15% ^(h)	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 percent tax (without benefit of indexation and foreign currency fluctuation).
 (d) If total turnover or gross receipts of the financial year 2020-21 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 22% subject to fulfillment of certain conditions as provided in section 115BAD.
 (h) Newly set-up manufacturing co-operative society set-up & registered on or after April 1, 2023 and commencing manufacturing or production of an article or thing on or before March 31, 2024 are taxed at the rate of 15% subject to fulfillment of certain conditions as provided in section 15BAE.