

# TAX RECKONER

Financial Year 2022-23

(Assessment Year 2023-24)

Tax rates are applicable for the Financial Year 2022-23 and as per the Finance Act, 2022

## 1. Tax Rates applicable for investments made in Mutual Fund

Dividend Taxation			
	Resident Individual/ HUF <sup>s</sup>	Domestic Company <sup>@</sup>	Non Resident Individuals <sup>\$/c</sup>
<b>Dividend</b>			
All schemes	30% <sup>^</sup> + Surcharge as applicable + 4% Cess. = 42.744% or 39% or 35.88% or 34.32%	30% + Surcharge as applicable + 4% Cess = 34.944% or 33.384%  25% <sup>^^</sup> + Surcharge as applicable + 4% Cess = 29.120% or 27.820%  22% <sup>&amp;</sup> + 10% Surcharge <sup>&amp;</sup> + 4% Cess = 25.17%  15% <sup>&amp;</sup> + 10% Surcharge <sup>&amp;</sup> + 4% Cess = 17.16%	20% + Surcharge as applicable + 4% Cess = 28.496% or 26% or 23.92% or 22.88%
<b>Tax Deducted at Source<sup>!</sup></b>			
All schemes	10% (if dividend income exceeds INR 5,000 in a financial year)	10% (if dividend income exceeds INR 5,000 in a financial year)	28.496% or 26% or 23.92% or 22.88%

Capital Gain Taxation			
	Resident Individual/ HUF <sup>s</sup>	Domestic Company <sup>@</sup>	Non Resident Individuals <sup>\$/ #</sup>
<b>Long Term Capital Gains<sup>##</sup></b>			
<b>Equity oriented schemes<sup>*</sup></b>	Units held for more than 12 months		
	10% without indexation + Surcharge as applicable + 4% Cess = 11.96% or 11.44%	10% without indexation + Surcharge as applicable + 4% Cess = 11.648% or 11.128%	10% without indexation and foreign currency fluctuation benefits + Surcharge as applicable + 4% Cess = 11.96% or 11.44%
<b>Other than equity oriented schemes</b>	Units held for more than 36 months		
Listed	20% with indexation + Surcharge as applicable + 4% Cess = 23.92% or 22.88%	20% with indexation + Surcharge as applicable + 4% Cess = 23.296% or 22.256%	20% with indexation + Surcharge as applicable + 4% Cess = 23.92% or 22.88%
Unlisted	20% with indexation + Surcharge as applicable + 4% Cess = 23.92% or 22.88%	20% with indexation + Surcharge as applicable + 4% Cess = 23.296% or 22.256%	10% without indexation and foreign currency fluctuation benefits + Surcharge as applicable + 4% Cess = 11.96% or 11.44%
<b>Short Term Capital Gains</b>			
<b>Equity oriented schemes<sup>*</sup></b>	Units held for 12 months or less		
	15% + Surcharge as applicable + 4% Cess = 17.94% or 17.16%	15% + Surcharge as applicable + 4% Cess = 17.472% or 16.692%	15% + Surcharge as applicable + 4% Cess = 17.94% or 17.16%
<b>Other than equity oriented schemes</b>	Units held for 36 months or less		

	30%^ + Surcharge as applicable + 4% Cess = 42.744% or 39% or 35.88% or 34.32%	30% + Surcharge as applicable + 4% Cess = 34.944% or 33.384%	30%^ + Surcharge as applicable + 4% Cess = 42.744% or 39% or 35.88% or 34.32%
		25%^ + Surcharge as applicable + 4% Cess = 29.120% or 27.820%	
		22%^ + 10% Surcharge + 4% Cess = 25.17%	
		15%^ + 10% Surcharge + 4% Cess = 17.16%	

Tax Deducted at Source (Pertaining to NRI Investors) <sup>§/##/&lt;</sup>			
	Short Term Capital Gains		Long Term Capital Gains
Equity oriented schemes	17.94% or 17.16%		11.96% or 11.44%
Other than equity oriented schemes (Listed)	42.744% or 39% or 35.88% or 34.32%^		23.92% or 22.88%^
Other than equity oriented schemes (Unlisted)	42.744% or 39% or 35.88% or 34.32%^		11.96% or 11.44%^

\* Income tax at the rate of 10% (without indexation and foreign exchange fluctuation benefit) on long-term capital gains exceeding Rs. 1 lakh provided transfer of such units is subject to STT.

! Section 194K provides for withholding tax of 10% on any income (excluding the income in the nature of capital gains) exceeding INR 5,000 in aggregate for the financial year in respect of units of mutual fund in case of residents.

# Short term/ long term capital gain tax will be deducted at the time of redemption of units in case of NRI investors only. However, withholding tax of 20% (plus applicable surcharge and cess) is applicable on any income in respect of units of mutual fund in case of non-residents as per section 196A of the Act. Hence, based on language provided in said section, it seems that apart from any income distributed to NRI, withholding tax at 20% (plus applicable surcharge and cess) may be applicable on capital gains notwithstanding that such capital gains are taxable at a rate lower than 20% (plus applicable surcharge and cess).

< As per the provisions of section 196A which is specifically applicable in case of non-resident unitholders, the withholding tax rate of 20% (plus applicable surcharge and cess) on any income in respect of units of a Mutual Fund credited / paid to non-resident unitholders shall apply, as section 196A does not make reference to "rates in force" but provide the withholding tax rate of 20% (plus applicable surcharge and cess). The non-resident unitholders may offer the income in respect of units of mutual fund to tax in their income-tax return at a lower tax rate by claiming the benefit under relevant tax treaty, if any, subject to eligibility and compliance with applicable conditions.

According to provisions of section 196D of the Act which is specifically applicable in case of FPI/FII, the withholding tax rate of 20% (plus applicable surcharge and cess) on any income in respect of securities referred to in section 115AD(1)(a) credited / paid to FII shall apply. As per proviso to section 196D(1) of the Act to grant relevant tax treaty benefits at the time of withholding tax on income with respect to securities of FPIs, subject to furnishing of tax residency certificate and such other documents as may be required. Section 196D (2) of the Act provided, no TDS shall be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

§ Surcharge to be levied at:

- 37% on base tax where specified income exceeds Rs. 5 crore;
- 25% where specified income exceeds Rs. 2 crore but does not exceed Rs. 5 crore;
- 15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and
- 10% where total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore.

In case of short term capital gain on units of equity oriented mutual fund schemes and long term capital gain from any assets, the rates of surcharge should not exceed 15%.

Specified income- Total income excluding income under the provisions of section 111A and 112A of the Income Tax Act, 1961. "Health and Education Cess" to be levied at the rate of 4% on aggregate of base tax and surcharge.

@ Surcharge at the rate of 7% is levied for domestic corporate unit holders where the income exceeds Rs. 1 crore but less than Rs. 10 crores and at the rate of 12% where income exceeds Rs 10 crores. However, surcharge at flat rate of 10% to be levied on base tax for the companies opting for lower rate of tax of 22%/15%. Further "Health and Education Cess" to be levied at the rate of 4% on aggregate of base tax and surcharge.

^ Assuming the investor falls into highest tax bracket.

^^ If total turnover or gross receipts in the financial year 2020-21 does not exceed Rs. 400 crores.

^^^ Corporate tax rates for domestic companies (not claiming specified incentives and deductions) is 22% u/s 115BAA and for domestic manufacturing companies (not claiming specified incentives and deductions) set-up and registered on or after 1 October 2019 is 15% u/s 115BAB. Surcharge at the rate of 10% applicable. Further, the domestic companies are subject to minimum alternate tax (except for 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.

The cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as fair market value as on 1 April 2001.

Section 206AB apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person, as defined. This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the Act. The TDS rate in this section is higher of the followings rates:

- twice the rate specified in the relevant provision of the Act; or

- twice the rate or rates in force; or - the rate of five per cent. It is also provided that if the provision of section 206AA of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the Act. 'Specified person' means a person (excluding non-residents who do not have a permanent establishment in India) who has not filed income-tax returns for the two preceding years and aggregate of TDS and TCS in his case is INR 50,000 or more in each year.

## 2. Income Tax Rates

I. There are 2 options for computation of income and tax payable. The tax payers need to select any of the following options at the time of filing of return of income -

### Option A

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

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

In case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs. 300,000. In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs 500,000.

Rate of surcharge:

- 37% on base tax where specified income exceeds Rs. 5 crore;
- 25% where specified income exceeds Rs. 2 crore but does not exceed Rs. 5 crore
- 15% where total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore; and
- 10% where total income exceeds Rs 50 lakhs but does not exceed Rs. 1 crore.

Specified income – Total income excluding income by way of dividend or income under the provisions of section 111A and 112A of the Act. Marginal relief for such person is available.

(d) Health and Education cess @ 4% on aggregate of base tax and surcharge.

(e) Individuals having total income not exceeding Rs. 500,000 can avail rebate of lower of actual tax liability or Rs. 12,500.

### Option B

**For Individuals and Hindu Undivided Family**

Total Income	Tax Rates
Up to Rs. 250,000	NIL
Rs. 250,001 to Rs. 500,000	5%
Rs. 500,001 to Rs. 750,000	10%
Rs. 750,001 to Rs. 1,000,000	15%
Rs. 1,000,001 to Rs. 1,250,000	20%
Rs. 1,250,001 to Rs. 1,500,000	25%
Rs. 1,500,001 and above	30%

For adopting Option B, most of the deductions/exemptions such as section 80C, 80D, etc. are to be foregone. The aforesaid regime is optional. Accordingly, Individuals and 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).

## II. Securities Transaction Tax(STT)

Transaction	Rates	Payable By
Purchase/ Sale of equity shares on a recognized stock exchange(delivery based)	0.1%	Purchaser / Seller
Sale of equity shares, units of equity oriented mutual fund (non-delivery based)	0.025%	Seller
Sale of an option in equity shares	0.05%	Seller

Sale of an option in equity shares where option is exercised	0.125%	Purchaser
Purchase of units of equity oriented mutual fund (delivery based ) on recognized stock exchange	Nil	Purchaser
Sale of unit of an equity oriented Mutual Fund (delivery based) on recognized stock exchange	0.001%	Seller
Sale of a futures in equity shares	0.010%	Seller
Sale of a futures in equity shares	0.010%	Seller
Sales of unit of an equity oriented scheme to the Mutual Fund	0.001%	Seller
Sale of unlisted equity shares and units of business trust under an initial offer	0.2%	Seller

### III. Special rates for non-residents

(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 and business trust	5%
Interest on FCCB, FCEB / Dividend on GDRs	10%

(a) These rates will be further increased by applicable surcharge and 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 education cess) on netbasis.

(2) Tax on non-resident sportsmen or sports association on specified income @ 20% plus applicable surcharge and education cess.

### IV. Capital Gains

Transaction	Short-term capital gains (a)	Long-term capital gains (a)(b)
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-residents)	Progressive slab rates	
Firms	30%	
Resident companies	30% / 25%(d) / 22%(e) / 15%(f)	
Overseas financial organizations specified in section 115AB	40% (corporate) / 30% (non corporate)	10%
FII's	30%	10%
Foreign companies other than ones mentioned above	40%	20% / 10%(c)
Local authority	30%	
Co-operative society rates	Progressive slab or 20%(g)	

\*Income tax at the rate of 10% (without indexation and foreign exchange fluctuation benefit) on long-term capital gains exceeding Rs.1 lakh provided transfer of such units is subject to STT.

- These rates will further increase by applicable surcharge & health and education cess.
- Income-tax rate of 20% with indexation and 10% without indexation.
- 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).
- If total turnover or gross receipts in the financial year 2020-21 does not exceed Rs. 400crores.
- 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 & registered on or after 1 October 2019) subject to fulfillment of certain conditions as provided in section 115BAB.

The co-operative societies have the option to be taxed at progressive slab rates or 20% subject to fulfillment of certain conditions as provided in section 115BAD.

## V. Personal Income Tax-Scenario

Individual	Total Income								
	475,000	825,000	1,000,000	1,200,000	1,500,000	5,650,000	11,150,000	21,150,000 <sup>#</sup>	51,150,000 <sup>#</sup>
Tax in FY 2022-23 (Option A)*	NIL***	49,400	85,800	132,600	226,200	1,673,100	3,722,550	7,946,250	21,532,290
Tax in FY 2022-23 (Option B)**	NIL***	50,700	78,000	119,600	195,000	1,638,780	3,686,670	7,907,250	21,489,546
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 (age of 60 years but below 80 years)	Total Income								
	475,000	825,000	1,000,000	1,200,000	1,500,000	5,650,000	11,150,000	21,150,000 <sup>#</sup>	51,150,000 <sup>#</sup>
Tax in FY 2022-23 (Option A)*	NIL***	46,800	83,200	130,000	223,600	1,670,240	3,719,560	7,943,000	21,528,728
Tax in FY 2022-23 (Option B)**	NIL***	50,700	78,000	119,600	195,000	1,638,780	3,686,670	7,907,250	21,489,546
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 senior citizen (age of 80 years and above)	Total Income								
	475,000	825,000	1,000,000	1,200,000	1,500,000	5,650,000	11,150,000	21,150,000 <sup>#</sup>	51,150,000 <sup>#</sup>
Tax in FY 2022-23 (Option A)*	NIL***	36,400	72,800	119,600	213,200	1,658,800	3,707,600	7,930,000	21,514,480
Tax in FY 2022-23 (Option B)**	NIL***	50,700	78,000	119,600	195,000	1,638,780	3,686,670	7,907,250	21,489,546
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%)	--	(8.54%)	(1.21%)	(0.56%)	(0.29%)	(0.12%)

\* For purpose of tax calculation under Option A, ad hoc deduction of INR 150,000 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 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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