

Tax Rules for Mutual Fund Investors* as per Finance Bill 2008 – SNAPSHOT

EQUITY ORIENTED SCHEMES

	Short Term Capital Gains Tax		Long Term Capital Gains Tax		Dividend Income		Dividend Distribution Tax		TDS	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Resident Individual / HUF	10%	15%	Nil	Nil	Tax Free	Tax Free	Nil	Nil	Nil	Nil
Partnership Firms / AOP / BOI	10%	15%	Nil	Nil	Tax Free	Tax Free	Nil	Nil	Nil	Nil
Domestic Companies	10%	15%	Nil	Nil	Tax Free	Tax Free	Nil	Nil	Nil	Nil
NRIs	10%	15%	Nil	Nil	Tax Free	Tax Free	Nil	Nil	STCG - 10% LTCG - Nil	STCG - 15 % LTCG - Nil

OTHER SCHEMES

	Short Term Capital Gains Tax		Long Term Capital Gains Tax		Dividend Income		Dividend Distribution Tax – Other than Liquid / Money Market Schemes		Dividend Distribution Tax – Liquid / Money Market Schemes		TDS	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Resident Individual / HUF	As per slab	As per slab	10% (20% with Indexation)	10% (20% with Indexation)	Tax free	Tax free	14.1625% (12.50% plus 10% surcharge plus 3% education cess)	14.1625% (12.50% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	Nil	Nil
Partnership Firms / AOP / BOI	As per slab	30%	10% (20% with Indexation)	10% (20% with Indexation)	Tax free	Tax free	22.66% (20% plus 10% surcharge plus 3% education cess)	22.66% (20% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	Nil	Nil
Domestic Companies	30%	30%	10% (20% with Indexation)	10% (20% with Indexation)	Tax free	Tax free	22.66% (20% plus 10% surcharge plus 3% education cess)	22.66% (20% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	Nil	Nil
NRIs	As per slab	As per slab	10% (20% with Indexation)	10% (20% with Indexation)	Tax free	Tax free	14.1625% (12.50% plus 10% surcharge plus 3% education cess)	14.1625% (12.50% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	28.325% (25% plus 10% surcharge plus 3% education cess)	STCG - 30% LTCG - 20% (after providing for indexation)	STCG - 30% LTCG - 20% (after providing for indexation)

Surcharge for Resident Indians, Domestic companies and NRIs:

- For Individuals, HUF, BOI and AOP, 10% surcharge on tax payable if income exceeds Rs. 10 lacs.
- For other including corporate bodies, 10% surcharge on tax payable

Education Cess:

Education cess to be levied at the rate of 3% calculated on tax payable plus surcharge w.e.f. April 1, 2007.

* Resident Individuals, HUF, BOI, AOP, Domestic companies and NRIs.

PERSONAL INCOME TAX STRUCTURE

Total Income	Tax Rates
Up to INR 150,000 (a)(b)	NIL
INR 150,001 to INR 300,000	10%
INR 300,001 to INR 500,000	20%
INR 500,001 and above (c)	30%
(a) In the case of a resident woman below the age of 65 years, the basic exemption limit is Rs 180,000. (b) In the case of a resident individual of the age of 65 years or above, the basic exemption limit is Rs 225,000. (c) Surcharge is applicable at 10 per cent only where total income exceeds Rs. 10,00,000 (Rs. 1 million) per year. (d) Education cess is applicable at 3 per cent on income tax (inclusive of surcharge, if any).	

WEALTH TAX & GIFT TAX FOR MF UNITS

Wealth Tax	MF units are exempt
Gift Tax	MF Units are exempt
Income Tax units provisions on clubbing for Gift of Units	
Dividend Income	As dividend is tax free in hands of holders, hence no tax applicable on either Donee or Donor
ST/LT Capital Gain/Loss	If the transferee or donee is <ul style="list-style-type: none"> Spouse, Son's wife or minor son: gain/loss clubbed with that of the donor of units Other independent donee: gain/loss treated as donee's gain/loss and not clubbed with that of donor

SECURITIES TRANSACTION TAX

Equity Oriented Fund	Other than Equity Oriented Fund
0.25% of redemption value	Exempt from securities transaction tax
Mutual Fund would also pay securities transaction tax wherever applicable on the securities bought/sold As per Section 94(7) The loss due to sale of Units in the schemes (where dividend is tax free) will not be available for setoff to the extent of the tax free dividend declared; if units are :- (A) Bought within three months prior to the record date fixed for dividend declaration; and (B) sold within nine months after the record date fixed for dividend declaration. As per Section 94(8) The loss due to sale of original Units in the schemes, where bonus Units are issued, will not be available for setoff; 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.	

Statutory Details: Principal Mutual Fund has been constituted as a trust with Principal Financial Group (Mauritius) Limited, Punjab National Bank and Vijaya Bank as co-settlers. The Sponsor is not responsible or liable for any loss resulting from the operations of the Principal Mutual Fund beyond the initial contribution of an amount of Rs. 25 Lakhs towards setting up of Principal Mutual Fund. **Sponsor:** Principal Financial Services Inc., USA. **Trustee:** Principal Trustee Company Private Limited. **Investment Manager:** Principal Pnb Asset Management Company Private Limited. **Risk Factors:** Mutual Funds and Securities investments are subject to market risks and there can be no assurance and no guarantee that the objectives of the Principal Mutual Fund can be achieved. All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsor/AMC/ Principal Mutual Fund/Punjab National Bank/Vijaya Bank does not indicate or guarantee the future performance of the scheme(s) of the Principal Mutual Fund. **Investors are urged to read the offer document of the respective schemes carefully before investing. Copy of the offer Document is available at all our Investor Service Centres and our website at www.principalindia.com**

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