

Tax Reckoner F.Y. 2025-26

Tax rates applicable for the Financial Year 2025-26

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 first Proviso to section 194K, tax is not deductible if the amount of income in respect of units of MF does not exceed Rs. 10,000/- during the financial year.

**The tax base is to be further increased by surcharge[†] at the rate of:

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

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

[†]Finance Act, 2020 has capped maximum surcharge at 15% w.r.t. withholdig tax 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 the 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 that PAN and tax could be withheld at a higher rate of 20% basis section 206AA of the Act w.e.f July 01, 2023 as per Circular No. 03 of 2023 dated March 28, 2023.

However, a relaxation was given for transaction entered upto Financial year 2023-24 vide Circular no. 06 of 2024 dated April 23, 2024 where the provisions of section 206AA would not apply in case the PAN has become operative on or before May 31, 2024.*

Capital Gain Taxation

Sr. No.	Mutual Fund Scheme Category	Period of Holding (To qualify as LTCG)	Individual / HUF		Domestic Company		NRI [†]				
			Tax Rate for STCG	Tax Rate for LTCG	Tax Rate for STCG	Tax Rate for LTCG	Tax Rate for STCG	Tax Rate for LTCG	TDS on STCG	TDS on LTCG	
1	Equity Oriented Fund (>= 65% in equity shares of listed domestic companies)	> 12 months	20%	12.5% ^{##}	20%	12.5% ^{##}	20%	12.5% ^{##}	20%	12.5%	
2	Specified Mutual Fund - (Mutual fund invests > 65% of total proceeds in debt and money market instruments)	Investment before April 01, 2023	> 24 months*	30% [^]	12.5%	30% [^] /25% ^{^^} / 22% ^{^^^}	12.50%	30% [^]	Listed - 12.5% Unlisted - 12.5%	30	Listed - 12.5% Unlisted - 12.5%
		Investment after April 01, 2023	-	30% [^]	-	30% [^] /25% ^{^^} / 22% ^{^^^}	-	30% [^]	Listed - 12.5% Unlisted - 12.5%	30%	-
3	Hybrid / Debt oriented Fund (other than Equity oriented Fund as defined at Sr. No. 1 and Specified Mutual Fund as defined at Sr. No. 2)	> 24 months*	30% [^]	12.5%	30% [^] /25% ^{^^} / 22% ^{^^^}	12.5%	30% [^]	Listed - 12.5% Unlisted - 12.5%	30%	Listed - 12.5% Unlisted - 12.5%	
4	Equity Oriented Fund of Fund ('FOF') (Fund invests >=90% in Fund traded on Recognised stock exchange which invests >= 90% of total proceeds in equity shares of listed domestic companies)	> 12 months	20%	12.5% ^{##}	20%	12.5% ^{##}	20%	12.5% ^{##}	20%	12.50%	
5	Specified Mutual Fund (FOF) - (Fund invests >= 65% to total proceeds in unit of specified mutual fund as defined at Sr. No 2 above)	Investment before April 01, 2023	> 24 months*	30% [^]	12.5%	30% [^] /25% ^{^^} / 22% ^{^^^}	12.50%	30% [^]	Listed - 12.5% Unlisted - 12.5%	30%	Listed - 12.5% Unlisted - 12.5%
		Investment after April 01, 2023	-	30% [^]	-	30% [^] /25% ^{^^} / 22% ^{^^^}	-	30% [^]	-	30%	-
6	Non - Equity FOF (other than Equity oriented FOF as defined at Sr. No. 4 and other than SMF as defined at Sr. No. 5)	> 24 months*	30% [^]	12.5%	30% [^] /25% ^{^^} / 22% ^{^^^}	12.50%	30% [^]	Listed - 12.5% Unlisted - 12.5%	30%	Listed - 12.5% Unlisted - 12.5%	

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

Sr. No.	Particulars	Applicable Surcharge Rate (For Individual / HUF)			
		Old Tax Regime		New Tax Regime	
		Income other than Dividend & Capital Gains covered u/s. 111A, S. 112 and 112A	Dividend & Capital Gains covered u/s. 111A, S. 112 and 112A	Income other than Dividend & Capital Gains covered u/s. 111A, S. 112 and 112A	Dividend & Capital Gains covered u/s. 111A, S. 112 and 112A
1	Total income upto Rs. 50 lakhs	Nil	Nil	Nil	Nil
2	Income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore	10%	10%	10%	10%
3	Income exceeds Rs. 1 crore but does not exceed Rs. 2 crores	15%	15%	15%	15%
4	Income exceeds Rs. 2 crores but does not exceed Rs. 5 crores	25%	15%	25%	15%
5	Income exceeds Rs. 5 crores	37%	15%	25%	15%

*Period of holding will be more than 12 months in case of units listed on recognised stock exchange for the same to qualify as a long term capital asset.

**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.

***The tax rate under section 112A is 12.5% on capital gains exceeding 1.25 Lakhs cumulatively.

^Assuming investor falls into highest tax bracket

^^If total turnover or gross receipts during the financial year 2023-24 does not exceed Rs. 400 crores

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

Indexation benefit has been removed for long term capital w.e.f. 23.07.2024

Further, the domestic companies are subject to minimum alternate tax (except those who opted for lower rate of tax u/s 115BAA/115BAB) not specified in above tax rates.

It may be noted that the highest tax bracket for computation of short term capital gains (other than 111A) would be as under for the following:

Particulars	Rates	Surcharge
Partnerships	30%	12% if income > Rs. 1 crore
Overseas financial organisations specified in section 115AB	35% (corporate) 30% (non corporate)	as may be applicable depending upon status of investor
FPI's	30%	as may be applicable depending upon status of investor
Foreign companies	35%	2% if income > Rs. 1 crore but does not exceed Rs. 10 crores 5% if income > 10 crores
Local Authority	30%	12% if income > Rs. 1 crore
Co-operative Society (other than covered under section 115BAD (22%) & 115BAE (15%))	30%	7% if income > Rs. 1 crore but does not exceed Rs. 10 crores 12% if income > 10 crores

Further, the rates for taxation of long-term capital gains for the above, shall be same as the rates applicable to Domestic companies. However, in case of foreign companies/institution, the rates for taxation of long-term capital gains would be same as the rates applicable to NRI.

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.

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 u/s 115BAC)

For Individuals and HUF

Total Income	Tax Rates
Upto Rs. 4,00,000	Nil
Rs. 4,00,001 to Rs. 8,00,000	5%
Rs. 8,00,001 to Rs. 12,00,000	10%
Rs. 12,00,001 to Rs. 16,00,000	15%
Rs. 16,00,001 to Rs. 20,00,000	20%
Rs. 20,00,001 to Rs. 24,00,000	25%
Above Rs. 24,00,000	30%

c) Surcharge is applicable as follows:

Sr. No.	Particulars	Income other than Dividend & Capital Gains covered u/s. 111A, S. 112 and 112A
1	Total income upto Rs. 50 lakhs	Nil
2	Income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore	10%
3	Income exceeds Rs. 1 crore but does not exceed Rs. 2 crores	15%
4	Income exceeds Rs. 2 crores but does not exceed Rs. 5 crores	25%
5	Income exceeds Rs. 5 crores	25%

a) In case of Option 1, most of deductions/exemptions such as section 80C/80D etc. are to be foregone. The aforesaid tax regime is optional.

b) The aforesaid tax regime is default option unless opted out. The assessee who do not wish to be assessed under Option 1 would have to opt out in the manner as may be prescribed.

c) Surcharge is applicable as follows:

d) Health and Education Cess at 4% will apply on aggregate tax and surcharge.

e) Individuals having total income upto Rs.12,00,000 can avail rebate of lower of actual tax liability or Rs. 60,000

Option 2 (Old Regime)

Total Income	Tax Rates
Upto Rs. 2,50,000	Nil
Rs. 2,50,001 to 5,00,000	5%
Rs. 5,00,000 to 10,00,000	20%
Rs. 10,00,001 and above	30%

- e) In case of a Resident Individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs. 3,00,000
 f) In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs. 5,00,000

g) Surcharge applicable in case of Individual/HUF/AOP/BOI/Artificial judicial person:

Sr. No.	Particulars	Income other than Dividend & Capital Gains covered u/s. 111A, S. 112 and 112A
1	Total income upto Rs. 50 lakhs	Nil
2	Income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore	10%
3	Income exceeds Rs. 1 crore but does not exceed Rs. 2 crores	15%
4	Income exceeds Rs. 2 crores but does not exceed Rs. 5 crores	25%
5	Income exceeds Rs. 5 crores	37%

- h) Health and Education Cess at 4% will apply on aggregate tax and surcharge.
 i) Individuals having total income upto Rs. 5,00,000 can avail rebate of lower of actual tax liability or Rs. 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 1 once exercised can be changed in subsequent years. However, in case of individual/HUF having business income has exercised Option 2 in any one of the Assessment year commencing w.e.f April 01, 2024, it has the option to exercise the tax regime under Option 1 and once exercised, it cannot subsequently opt for Option 2

2. Securities Transaction Tax (STT)

STT is levied on the value of taxable securities transactions as under:

Transaction	Rates upto 1st October 2024	Rates after 1st October 2024	Payable by
Purchase / sale of equity shares	0.1%	0.1%	Purchaser / Seller
Purchase of units of equity oriented mutual fund	Nil	Nil	Purchaser
Sale of units of equity oriented mutual fund	0.001%	0.001%	Seller
Sale of an equity share in a company or a unit of an equity oriented mutual fund (non-delivery based)	0.025%	0.025%	Seller
Sale of an option in securities	0.0625%	0.10%	Seller
Sale of an option in securities, where option is exercised	0.125%	0.125%	Purchaser
Sale of a future in securities	0.0125%	0.02%	Seller
Sale of an equity oriented fund to the mutual fund	0.001%	0.001%	Seller
Sale of unlisted equity shares and units of business trust under an offer for sale	0.2%	0.2%	Seller

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 fund/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) and business trust	5%
Interest on FCCB / Dividend on GDRs	10%

- (a) These rates will further be increased 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 35% (plus applicable surcharge and health and education cess) on net basis
 (c) Interest payable to 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. Personal income tax scenarios (Amounts in Rupees)

Resident Individual	Total Income									
	2,50,000	3,00,000	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 FY2025-26 (Old Regime)*	Nil***	Nil***	Nil***	23,400	85,800	1,32,600	2,26,200	3,16,600	1,91,97,750	3,17,26,734
Tax in FY2025-26 (New Regime)**	Nil***	Nil***	Nil***	Nil***	Nil***	Nil***	1,09,200	29,51,520	1,89,54,000	2,87,04,000
Additional Tax burden / (savings) in option 2	-	-	-	-23,400	-85,800	-1,32,600	-1,17,000	-2,14,500	-2,43,750	-30,22,734
Additional Tax burden / (savings) (%) in New Regime	-	-	-	-100%	-100%	-100%	-51.72%	-6.78%	-1.27%	-9.53%

Resident Senior Citizen (aged above 60 years but below 80 years)	Total Income									
	2,50,000	3,00,000	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 FY2025-26 (Old Regime)*	Nil***	Nil***	Nil***	20,800	83,200	1,30,000	2,23,600	3,16,360	1,91,94,500	3,17,23,172
Tax in FY2025-26 (New Regime)**	Nil***	Nil***	Nil***	Nil***	Nil***	Nil***	1,09,200	29,51,520	1,89,54,000	2,87,04,000
Additional Tax burden / (savings) in option 2	-	-	-	-20,800	-83,200	-1,30,000	-1,14,400	-2,11,640	-2,40,500	-30,19,172
Additional Tax burden / (savings) (%) in New Regime	-	-	-	-100.00%	-100.00%	-100.00%	-51.16%	-6.69%	-1.25%	-9.52%

Resident very Senior Citizen (aged above 80 years)	Total Income									
	2,50,000	3,00,000	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 FY2025-26 (Old Regime)*	Nil***	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 FY2025-26 (New Regime)**	Nil***	Nil***	Nil***	Nil***	Nil***	Nil***	1,09,200	29,51,520	1,89,54,000	2,87,04,000
Additional Tax burden / (savings) in option 2	-	-	-	-10,400	-72,800	-1,19,600	-1,04,000	-2,00,200	-2,27,500	-30,04,924
Additional Tax burden / (savings) (%) in New Regime	-	-	-	-100.00%	-100.00%	-100.00%	-48.78%	-6.35%	-1.19%	-9.48%

**For the purpose of calculation of tax under Option 1, ad hoc deduction of Rs. 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. Rebate u/s 87A is not allowed for special rate income covered u/s 111A and 112 as per the new tax regime available u/s 115BAC.

The tax rates mentioned above are those provided in the Income Tax Act, 1961 and amended as per Finance Bill, 2025, applicable for the FY2025-26 relevant to AY 2026-27. 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 assessee/taxpayers. The information contained herein is neither a complete disclosure of every material fact of the 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, the 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 e-filed Form No. 10F and No PE declaration will be necessary for granting DTAA benefits to the non-residents. A tax payer 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.

The Tax calculation shown above is for illustration purpose and general information only. Amount(s) mentioned herein above as per the current income tax slab and may be subject to change. Investors are advised to read the scheme information document of the scheme carefully before investing and consult their Tax Consultant or Financial Advisor to determine tax benefits applicable to them.