

Dividend Taxation (in case of Income Distribution Cum Capital Withdrawal option)

	Resident Individual / HUF	Domestic Company	Non Resident Individuals
Dividend (All Schemes)	30% [^] + Surcharge as applicable ^{&} + 4% Cess = 42.744% or 39% or 35.88% or 34.32%	<ul style="list-style-type: none"> 30% + Surcharge as applicable^{&} + 4% Cess = 34.944% or 33.384% 25%^{^^} + Surcharge as applicable^{&} + 4% Cess = 29.120% or 27.820% 22%[@] + 10% Surcharge^{&} + 4% Cess = 25.168% 15%[@] + 10% Surcharge^{&} + 4% Cess = 17.16% 	20% + Surcharge as applicable ^{&} + 4% Cess = 28.496% or 26% or 23.92% or 22.88%
Tax Deducted at Source ! (All Schemes)	10% (if dividend income exceeds ₹ 10,000 in a financial year) !	10% (if dividend income exceeds ₹ 10,000 in a financial year) !	28.496% or 26% or 23.92% or 22.88%

Capital Gains Taxation

	Resident Individual/HUF	Domestic Company	Non Resident Individuals [†]
Long Term Capital Gains			
Equity oriented schemes^{**}/^{^^}	Units held for more than 12 months		
	12.5% ^{^^} without indexation + Surcharge as applicable ^{&} + 4% Cess = 14.95% or 14.30%	12.5% ^{^^} without indexation + Surcharge as applicable ^{&} + 4% Cess = 14.56% or 13.91% or 14.30%	12.5% ^{^^} without indexation and without foreign currency fluctuation benefits + Surcharge as applicable ^{&} + 4% Cess = 14.95% or 14.30%
Other than equity oriented schemes (other than specified mutual fund schemes^{!!})	Units held for more than 12 months for listed units and 24 months for unlisted units		
	12.5% without indexation + Surcharge as applicable ^{&} + 4% Cess = 14.95% or 14.30%	12.5% without indexation + Surcharge as applicable ^{&} + 4% Cess = 14.56% or 13.91% or 14.30%	12.5% without indexation and without foreign currency fluctuation + Surcharge as applicable ^{&} + 4% Cess = 14.95% or 14.30%
Specified Mutual Fund Schemes^{!!}	Deemed Short Term irrespective of holding period. The capital gain will be taxed basis rates as applicable for short term capital gain (applicable rates).		

	Resident Individual/HUF	Domestic Company	Non Resident Individuals [†]
Short Term Capital Gains			
Equity oriented schemes^{**}	Units held for 12 months or less		
	20%+ Surcharge as applicable ^{&} + 4% Cess = 23.92% or 22.88%	20% + Surcharge as applicable ^{&} + 4% Cess = 23.296% or 22.256% or 22.88%	20% + Surcharge as applicable ^{&} + 4% Cess = 23.92% or 22.88%
Other than equity oriented schemes (other than specified mutual fund schemes^{!!})	Units held for less than or equal 12 months for listed units and 24 months for unlisted units		
	30% [^] + Surcharge as applicable ^{&} + 4% Cess = 42.744% or 39% or 35.88% or 34.32%	30% + Surcharge as applicable ^{&} + 4% Cess 25% ^{^^} + Surcharge as applicable ^{&} + 4% Cess 22% ^{&} + 10% Surcharge ^{&} + 4% Cess 15% ^{&} + 10% Surcharge ^{&} + 4% Cess = 34.944% or 33.384% = 29.120% or 27.820% = 25.168% = 17.16%	30% [^] + Surcharge as applicable ^{&} + 4% Cess = 42.744% or 39% or 35.88% or 34.32%
Specified Mutual Fund Schemes^{!!}	Deemed Short Term irrespective of holding period. The capital gain will be taxed basis rates as applicable for short term capital gain (applicable rates).		

Notes:

^{^^} Long term capital gains arising from transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 12.5% without indexation and without foreign currency fluctuation benefit. The aggregate of the above capital gains would be taxable for an amount exceeding one lakh twenty-five thousand rupees. The concessional rate of 12.5% shall be available only if securities transaction tax (STT) has been paid on both acquisition and transfer in case of equity shares and on transfer in case of units of equity-oriented mutual funds or units of business trust. Further, grandfathering benefit has been provided for long term capital gains upto January 31, 2018.

^{!!} Deemed Short Term Capital Gains - Capital gains from transfer of units of "Specified Mutual Fund Schemes" acquired on or after 1st April 2023 are treated as deemed short term capital gains taxable at applicable rates as provided above irrespective of the period of holding of such mutual fund units.

For this purpose, from FY 2025-26 specified mutual fund means (a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a). Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures. Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

^{**} STT will be deducted on equity-oriented scheme at the time of redemption/ switch to the other schemes/ sale of units. Mutual Fund would also pay securities transaction tax wherever applicable on the securities sold.

! Section 194K provides for withholding tax of 10% on any income (excluding the income in the nature of capital gains) exceeding Rs. 10,000 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 Non Resident Investors only. The withholding tax would be lower of 20% (plus applicable surcharge and cess) or the rate provided under the relevant tax treaty, subject to eligibility and compliance with applicable conditions.

& Surcharge applicable for FY 2025-26

Assessee	If income below Rs. 0.50 Crore	If income exceeds Rs. 0.50 crore but less than Rs. 1 crore	If income exceeds Rs. 1 crore but less than Rs. 2 crores	If income exceeds Rs. 2 crores but less than Rs. 5 crores	If income exceeds Rs. 5 crores but less than Rs. 10 crores	If income exceeds Rs. 10 crores
Individual (including proprietor ships), Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individual (BOI)	Nil	10%	15%	25%	37%	37%
Domestic Companies (other than companies opting to pay tax under section 115BAA and 115BAB)	Nil	Nil	7%	7%	7%	12%
Domestic Companies opting to pay tax under section 115BAA and 115BAB	10%	10%	10%	10%	10%	10%
Foreign Companies	Nil	Nil	2%	2%	2%	5%

(continued on next page...)

Notes (contd...)

Where the total income includes any income by way of dividend+ or income chargeable under section 111A, section 112 and section 112A, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed 15%.

Further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of income-tax shall not exceed 15%.

Where the taxpayer continues in default new tax regime, the surcharge rate shall not exceed 25%.

+Income distribution by mutual fund is technically not regarded as dividend

^ Assuming the investor falls into highest tax bracket. ^^^ The Finance Act, 2025 provide that in case of domestic company, the rate of income-tax shall be 25% if its total turnover or gross receipts in the financial year 2023-24 does not exceed Rs. 400 crores. @@ The corporate tax rates for domestic companies (not claiming specified incentives and deductions) at the rate of 22% under section 115BAA and domestic manufacturing companies (not claiming specified incentives and deductions) set-up and registered on or after 1 October 2019 and manufacturing commenced on or before 31 March 2024 at the rate of 15% under section 115BAB. The tax computed in case of domestic companies whose income is chargeable to tax under section 115BAA or section 115BAB shall be increased by a surcharge at the rate of 10%.

Health and Education Cess shall be applicable at 4% on aggregate of base tax and surcharge.

The Income-tax Act, 1961 provides for 2 options for computation of income and tax payable. New tax regime to be considered as default tax regime. Tax payers will be required to specifically opt for old tax regime.

INCOME TAX RATES (OPTION A)	
For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial Juridical Persons (current tax regime – old regime)	
Total Income	Tax Rates
Up to ₹ 2,50,000 ^{(a) (b)}	Nil
₹ 2,50,001 to ₹ 5,00,000 ^{(c) (d)}	5%
₹ 5,00,001 to ₹ 10,00,000 ^(d)	20%
₹ 10,00,001 and above ^{(d) (e)}	30%

- In the 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.
 - Rebate of lower of actual tax liability or Rs. 12,500 in case of resident individuals having total income not exceeding Rs. 5,00,000.
 - Health and Education cess shall be applicable @ 4% on aggregate of base income tax plus surcharge.
 - Surcharge for the purpose of TDS and advance tax as per First Schedule Part II and III of the Finance Act, 2025 for Individual, HUF, AOP, BOI, AJP (other than FPIs):
 - Taxable income less than 50,00,000 – 0%.
 - Taxable income more than 50,00,000 upto 1,00,00,000 (including income by way of dividend+ or capital gains on securities covered u/s 111A, 112 and 112A) – 10%
 - Taxable income more than 1,00,00,000 upto 2,00,00,000 (including income by way of dividend+ or capital gains on securities covered u/s 111A, 112 and 112A) – 15%
 - Taxable income more than 2,00,00,000 upto 5,00,00,000 (excluding income by way of dividend+ or capital gains on securities covered u/s 111A, 112 and 112A) – 25%
 - Taxable income more than 5,00,00,000 (excluding income by way of dividend+ or capital gains on securities covered u/s 111A, 112 and 112A) – 37%
 - Taxable income more than 2,00,00,000 (including income by way of dividend+ or capital gains on securities covered u/s 111A, 112 and 112A) but is not covered under iv and v above – 15%. Provided surcharge not to exceed 15% in case of income by way of dividend+ or capital gains on securities covered u/s 111A, 112 and 112A included in such total income
- +Income distribution by mutual fund is technically not regarded as dividend**

INCOME TAX RATES (OPTION B) - Default option	
For Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals and Artificial Juridical Persons (new tax regime)	
Total Income	Tax Rates
Up to ₹ 4,00,000	Nil
₹ 4,00,001 to ₹ 8,00,000	5%
₹ 8,00,001 to ₹ 12,00,000	10%
₹ 12,00,001 to ₹ 16,00,000	15%
₹ 16,00,001 to ₹ 20,00,000	20%
₹ 20,00,001 to ₹ 24,00,000	25%
₹ 24,00,001 and above	30%

- New tax regime to be considered as default tax regime. Tax payers will be required to specifically opt for old tax regime
- Section 115BAC provides an option to apply lower tax rates under the new tax regime. Specific exemptions / deductions restricted to the following -
 - Standard deduction of ₹ 75,000
 - Family pension of ₹ 25,000
 - Employer's contribution to NPS up to 14%
 - Contribution to Agnipath Corpus Fund under section 80CCH
 - Deduction under section 80JJAA
- Rebate of lower of actual tax liability or ₹ 60,000 in case of resident individuals having total income not exceeding ₹ 12,00,000. Further, marginal relief, to the extent the income-tax payable on total income exceeds the total income above Rs. 12 Lakhs.
- New tax regime is the default tax regime. However, there is an option available to opt out of the default new tax regime and that option shall be exercised at the time of filing of return of income. The option for opting out of the default new tax regime shall be exercised for every previous year where the tax payer has no business income, and in other cases the option once exercised for a previous year shall be valid for that previous year and all subsequent years.
- Tax payers having business income who have opted out of the default new tax regime can opt out only once and would not be eligible to exercise such an option again, unless the Individual ceases to have business income.
- For Health and Education Cess and for Surcharge – refer note (d) and (e) of 'Option A'. However, under the default new tax regime, the maximum rate of surcharge shall be restricted to 25%.

- The tax rates mentioned above are those provided in the Income tax Act, 1961 and amended as per the Finance Act, 2025 (subject to enactment after approval of Rajya Sabha and assent of the President of India) applicable for the financial year 2025-26 relevant to assessment year 2026-27. The information given as per the amendments as per the Finance Act, 2025. 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 assessees / taxpayers.
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- 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 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.

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