

## New Taxation Structure of Different Fixed Income Instruments w.e.f. April 01, 2023



Type of Asset	Interest Income / Tax Deducted at Source (TDS)	STCG (Short Term Capital Gain)	LTCG (Long Term Capital Gain)
<b>Listed Bonds &amp; Debentures</b>	<ul style="list-style-type: none"> <li>❖ Interest Income is taxed at slab rates</li> <li>❖ TDS is applicable to the interest income from bonds</li> </ul>	Holding Period < 1 year - As per Individual's slab rates	Holding Period > 1 year - 10% without Indexation
<b>Unlisted Bonds &amp; Debentures</b>	<ul style="list-style-type: none"> <li>❖ TDS is 10% for individuals*</li> <li>❖ 20% for non-individuals</li> </ul>	Holding Period < 3 years - As per Individual's slab rates	Holding Period > 3 years - 20% without Indexation
<b>Tax-Free Bonds</b>	<ul style="list-style-type: none"> <li>❖ Interest Income is fully exempt</li> <li>❖ No TDS</li> </ul>	Holding Period < 1 year - As per Individual's slab rates	Holding Period > 1 year - 10% without Indexation
<b>Zero-Coupon Bonds</b>	NA	Holding Period < 1 year - As per Individual's slab rates	Holding Period > 1 year - 10% without Indexation or 20% with indexation
<b>Bank Fixed Deposits</b>	<ul style="list-style-type: none"> <li>❖ Interest Income is taxed at slab rates</li> <li>❖ Banks deduct TDS at the time of crediting interest if the amount of interest is beyond Rs. 40,000 for individuals and Rs. 50,000 for senior citizen</li> </ul>		NA
<b>Corporate Fixed Deposits</b>	<ul style="list-style-type: none"> <li>❖ Interest Income is taxed at slab rates</li> <li>❖ If Interest earnings exceed Rs. 5,000 in a financial year, the company will deduct TDS at 10%#</li> </ul>		NA
<b>Debt Mutual Funds</b>	<ul style="list-style-type: none"> <li>❖ Dividend Income is taxed at slab rates</li> <li>❖ 10% TDS is deducted if the total dividend paid to an investor exceeds Rs. 5,000 during a financial year</li> </ul>	<ul style="list-style-type: none"> <li>❖ As per Individual's tax slab irrespective of the holding period, will be considered as STCG</li> <li>❖ STCG can be set off against short term capital losses (STCL) from any other asset (equity, debt, gold, real estate, foreign stocks)</li> </ul>	NA
<b>Listed Market-linked debentures (MLDs)</b>	Interest Income is taxed at slab rates if held till maturity	As per Individual's tax slab irrespective of the holding period, will be considered as STCG	

\*Unless the individual provides a valid form 15G/15H to the bond issuer, stating that their income is below the taxable limit.

# In case PAN details are not provided to the company and interest earnings exceeding Rs. 5,000 then the company will deduct TDS at 20%.

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*Note: Tax laws are subject to change from time to time.*

## Taxation of Different Fixed Income Instruments w.e.f. April 01, 2023



Type of Asset	Interest Income / Tax Deducted at Source (TDS)	STCG (Short Term Capital Gain)	LTCG (Long Term Capital Gain)
<b>Sovereign Gold Bonds</b>	Interest Income is taxed at slab rates	NA	<ul style="list-style-type: none"> <li>❖ If redeemed after 5 years but before maturity of 8 years - LTCG @ 20% with indexation</li> <li>❖ Capital Gains tax exemption on maturity (8 years)</li> </ul>
<b>54 EC Bonds</b>	<ul style="list-style-type: none"> <li>❖ Interest is taxable at slab rates</li> <li>❖ No TDS is deducted on interest</li> </ul>		NA
<b>RBI Floating Rate Bonds</b>	<ul style="list-style-type: none"> <li>❖ Interest is taxable at slab rates</li> <li>❖ TDS is deducted on interest</li> </ul>		NA

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