

INDEXATION BENEFITS ON LONG TERM CAPITAL GAINS TAX



From 1st April 2023, as per Amendment to the Finance Bill,

- Indexation benefits on mutual funds with **less than 35% investment into domestic stocks will no longer exist**

Taxation

Instrument	Holding Period	Till 31st March 2023	From April 2023
		< 3 years	At Slab
Debt Funds, Gold funds & International funds	< 3 years	20% with indexation	At Slab

Advantages of Debt mutual funds over Fixed Deposits

Particulars	Fixed Deposit	Debt Mutual Fund
Set-off of gains/ losses	No set-off provisions	Gains can be set-off against short term and long term capital losses on other asset classes like gold, stocks, etc
Tax Deducted at source (TDS)	10% TDS deducted if interest income exceeds Rs 40,000/- in a financial year	No TDS to be deducted
Liquidity	Can be closed prematurely but lower rate 10% TDS deducted if interest income exceeds Rs 40,000/- in a financial year of interest applicable	Very liquid
Partial withdrawals	Not allowed	Allowed