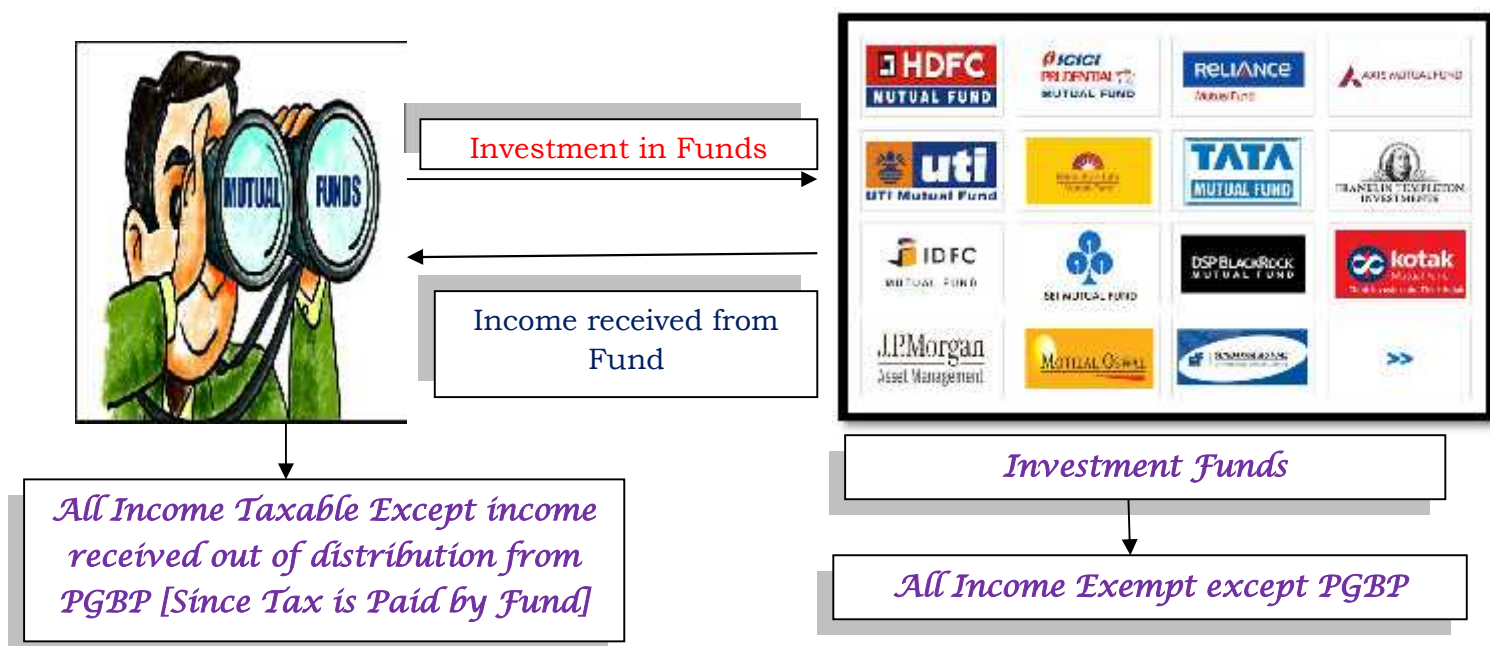


Taxation of Investment Fund



Sec.10[23FBA] Taxation of Investment Fund

1. The Finance Act, 2015 has omitted the concept of Venture Capital Fund and Venture Capital Company and replaced the concept with that of "Investment Funds".
2. All Income of Investment Fund [Except PGBP] are Exempt u/s 10[23FBA]
3. Tax Rates for Investment Fund

Company Firm @ 30%

Other @ MMR

4. Income Distributed by Investment Fund not liable for DDT u/s 115-O. 3. Any income of investment fund which is exempt under section 10 e.g., Dividends under section 10(34), etc. shall continue to remain exempt in the hands of Investment Fund and its unitholders.
5. Any Income distributed by Investment fund [except PGBP], TDS has to be deducted @ 10% by Investment Fund u/s 194LBB.[Any Amount].
6. Any loss incurred by Investment fund should be C/f by Investment fund only not by Unit Holder.
7. If the income accruing/arising/received by fund during PY has not been paid/credit to unit holder the same shall be deemed to have been credit to the account of investor on the last day of PY & Taxable in the hands of Unitholder.[If income already taxed in the year of accrual the not taxable in the year of receipt].
8. Filling ROI Mandatory
9. Trust shall provide breakup regarding nature and Proportion of Its Income & other details to Investor.
10. The loss of Investment Fund shall not be allocated to the unitholders and shall be set-off, carried forward and set-off by Investment Fund.

Sec.115UB Taxation of Unit Holder

1. All Income received by Unit holder from Investment in Investment Fund are Taxable in the Hands of Unit Holder [Except PGBP income distributed] u/s 115UB.
2. Any **income** accruing/arising/received by fund shall be chargeable to tax in the same proportion as it is received by Fund.
3. Where in any previous year, the net result of computation of total income of the investment fund [without giving effect to the provisions of section 10(23FBA)] is a loss under any head of income and such loss cannot be or is not wholly set-off against income under any other head of income of the said previous year, then.

Illustration:

HDDFC Mutual Fund Provide the particulars of 2 funds

Particulars	Fund A	Fund B
Business Income	400000	[200000]
Capital Gains	1600000	[60000]
OS	200000	800000

Compute the total Income of Investment Fund and Unitholder Assuming there are 20 unit holder in both Fund & each carrying 1 unit.

Total Income of Investment Fund:

Fund	A	B
Total income	400000 [PGBP]	Nil

Total Income of Unit Holder

Fund	A	B
PGBP	Nil	Nil
CG	80000 [16L/20]	-
OS	10000 [2L/20]	30000 [8L – 2L/20]
Total Income	90000	30000