

Tax on distributed income to unit holders.

115R. (1) Notwithstanding anything contained in any other provisions of this Act and section 32 of the Unit Trust of India Act, 1963 (52 of 1963), any amount of income distributed on or before the 31st day of March, 2002 by the Unit Trust of India to its unit holders shall be chargeable to tax and the Unit Trust of India shall be liable to pay additional income-tax on such distributed income at the rate of ten per cent :

Provided that nothing contained in this sub-section shall apply in respect of any income distributed to a unit holder of open-ended equity oriented funds in respect of any distribution made from such fund for a period of three years commencing from the 1st day of April, 1999.

(2) Notwithstanding anything contained in any other provision of this Act, any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income at the rate of—

(i) twenty-five per cent on income distributed[to any person being an individual or a Hindu undivided family] by a money market mutual fund or a liquid fund;

(ia) thirty per cent on income distributed to any other person by a money market mutual fund or a liquid fund;

(ii) twenty-five per cent on income distributed to any person being an individual or a Hindu undivided family by a fund other than a money market mutual fund or a liquid fund; and

(iii) [thirty] per cent on income distributed to any other person by a fund other than a money market mutual fund or a liquid fund:

Provided that where any income is distributed by a mutual fund under an infrastructure debt fund scheme to a non-resident (not being a company) or a foreign company, the mutual fund shall be liable to pay additional income-tax at the rate of five per cent on income so distributed:

Provided further that nothing contained in this sub-section shall apply in respect of any income distributed,—

(a) by the Administrator of the specified undertaking, to the unit holders; or

(b) to a unit holder of[***] equity oriented funds in respect of any distribution made from such funds[***].

Explanation.—For the purposes of this sub-section,—

(i) "Administrator" and "specified company" shall have the meanings respectively assigned to them in the Explanation to clause (35) of section 10;

(ii) "infrastructure debt fund scheme" shall have the same meaning as assigned to it in clause (1) of regulation 49L of the Securities and Exchange Board of India (Mutual

Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992).]]

[(2A) For the purposes of determining the additional income-tax payable in accordance with sub-section (2), the amount of distributed income referred therein shall be increased to such amount as would, after reduction of the additional income-tax on such increased amount at the rate specified in sub-section (2), be equal to the amount of income distributed by the Mutual Fund.;]¹

(3) The person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, shall be liable to pay tax to the credit of the Central Government within fourteen days from the date of distribution or payment of such income, whichever is earlier.

[(3A) The person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, shall on or before the 15th day of September in each year, furnish to the prescribed income-tax authority, a statement in the prescribed form and verified in the prescribed manner, giving the details of the amount of income distributed to unit holders during the previous year, the tax paid thereon and such other relevant details as may be prescribed]²

(4) No deduction under any other provision of this Act shall be allowed to the Unit Trust of India or to a Mutual Fund in respect of the income which has been charged to tax under sub-section (1) or sub-section (2).

¹Inserted with effect from October 1, 2014

²Omitted with effect from April 1, 2015