

TAX COSTS YOU A LOT MORE THAN YOU THINK

What to do?

Opt for Tax-efficient investments like Mutual Funds that offer you the benefit of indexation.



The returns from your investments are subject to numerous Taxes like:

Short-Term Capital Gains

Long-Term Capital Gains

Income Tax as per your slab rate

So, your real return can be much lower post-Tax, especially if you take inflation into account too.

	Reinvesting Fixed Deposit	Liquid Mutual Fund
Amount Invested	₹ 1 lakh	
Potential Return	7.50%	
Investment Date	15 th March, 2015	
Maturity Date	15 th March, 2017	
Interest/Long Term Capital Gain	₹ 15,563	
Amount at Maturity	₹ 1,15,563	
Indexation Benefits Availed	Not available	Availed
Indexed Cost of Investment	Not applicable	₹ 1,09,863
Taxable Capital Gain	₹ 15,563	₹ 5,700
Tax Rate*	35.53%	35.53%
Tax Liability	₹ 5,529.4	₹ 2,025
Proceedings net of Tax	₹ 1,10,034	₹ 1,13,538
Post Tax Return	4.9%	6.55%

*Applicable Tax rate assuming highest Tax bracket + 15% Surcharge + 3% Cess