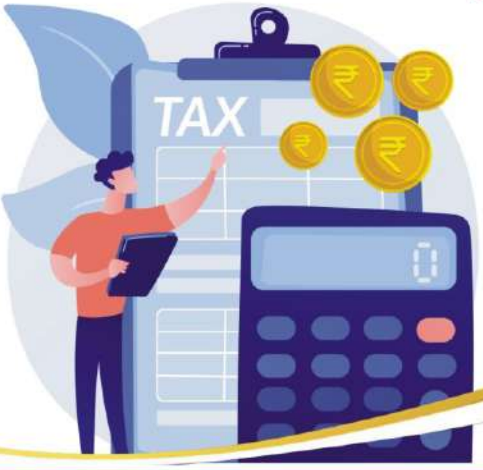

Tax Planning Special

SAMRIDDHI

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July 2022

Market News

- As many as 1.14 crore new investors started investing in mutual funds over the last one year, shows AMFI data. With this, the industry witnessed 48% increase in terms of number of new MF investors
- MFDs brought in 44 lakh new SIPs in FY 2021-22 as against 21 lakh SIPs in FY 2020-21, a massive growth of 17%, shows a report released by IDFC Mutual Fund
- WhiteOak Capital Asset Management, the recent entrant to mutual fund business, has collected about ₹550 crore through its maiden equity fund offer of Flexicap.
- AMCs are now a part of RBI's Account Aggregator system, which is a financial data-sharing framework built for investors and regulated financial entities. SEBI gave its go-ahead to AMCs and depositories on Friday through a circular which includes a detailed guideline on how and what information they can share with account aggregators (AA). The circular states that AMCs can share information with AAs only after taking the consent of investors.
- The live folio count of individual MFDs jumped 21% in FY 2022 to almost 4 crore as a record number of new investors joined the mutual fund bandwagon in the last financial year.
- In an adjudication order issued today, SEBI has imposed Rs.3 lakh fine on Banayan Tree Services (ET Money) for violation of several RIA norms. SEBI found that while the company neither offered advice nor charged any advisory fee from, it did not conduct an internal audit citing it was unnecessary
- Considering the convenience of online submission of annual Declaration

of Self-Certification (DSC), AMFI has reduced the grace period for MFDs to submit annual DSC from six months to three months. With this, MFDs will have to submit their annual DSC by September 30, 2022.

- Prashant Jain, the chief investment officer (CIO) of HDFC Mutual Fund, has quit, bringing to a close his 28-year stint as a fund manager at one of India's top mutual fund houses

Investor Corner: Some lesser known Tax Management instruments

Taxpayers now have two options – they can either take up the new tax regime and choose to pay income tax at lower rates without a few income tax exemptions and deductions. Or, they can choose to continue with the old tax regime, pay higher rates but avail certain deductions and exemptions. However, there are a few deductions that are allowed under the new tax regime. They are as follows: Specially-abled individuals can avail transport allowance, which is considered as a deduction. The expenses incurred while travelling to work will be considered as conveyance allowance. Under Section 80CCD (2), investment in the NPS or Notified Pension Scheme will be a deduction.Under Section 80JJAA, there are deductions available for newly appointed employees. Depreciation of assets (machinery) under Section 32, excluding additional depreciation. Expenses incurred by employees being transferred or travelling for employment purposes. There are a total of 70 exemptions and deductions that are not a part of the new tax regime. The most common exemptions under this list include –Professional tax, House Rent allowance (HRA), Children education allowance, Leave Travel allowance (LTA), Daily Expenses incurred during employment, Relocation allowance, Conveyance allowance, Interest on housing loan under Section 24 Other special allowances [Section 10(14)]

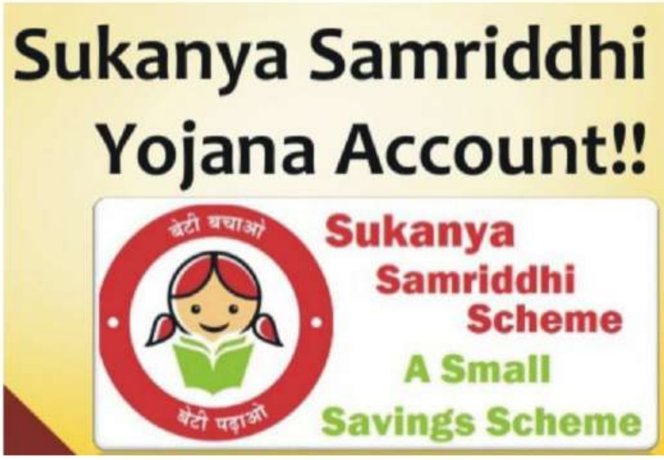
Shrinidhi M R from M R Distribution services, Coimbatore. Shrinidhi completed her Bachelors in Business Administration from Clayton State University Atlanta, USA. She is currently pursuing her CFP

certification and is working in this field for around two years.

PRO-Glance

Pro-Glance as the name suggests, features different financial products. This month let us look at the Sukanya Samriddhi Savings Scheme

- This is a government savings scheme specially introduced to encourage educating the girl-child under the “Beti Bachao, Beti Padhao” initiative.
- It offers a high interest rate of 7.6% and tax benefits under 80c.
- Minimum deposit ₹ 250/- Maximum deposit ₹ 1.5 Lakh in a financial year.
- Account can be opened in the name of a girl child till she attains the age of 10 years.
- Only one account can be opened in the name of a girl child.
- Account can be opened in Post offices and in authorised banks.
- Withdrawal shall be allowed for the purpose of higher education of the Account holder to meet education expenses.
- The account can be prematurely closed in case of marriage of girl child after her attaining the age of 18 years.
- The account can be transferred anywhere in India from one Post office/Bank to another.
- The account shall mature on completion of a period of 21 years from the date of opening of account.
- Interest earned in the account is free from Income Tax under Section -10 of I.T.Act.



Expert Corner: How to start tax planning from the beginning of the Financial Year

When it’s time for us to file our returns, each one aims to do better tax planning next year. But it is a very critical aspect of financial planning too. So here are some handy tips to start tax planning right from the start of the financial year.

- First calculate your gross income from all the sources.
- Then look for all the possible avenues that could minimize your tax outgo
- Most of the tax-saving instruments are long term and have a locking period. Hence your financial goals have to coincide with your tax-saving plan. Listed below are some schemes you may consider:

1 PPF

Public Provident Fund (PPF) allows tax deduction of up to Rs 1.50 lakh for the amount invested during the financial year.

2 NPS

The National Pension Scheme is a government-sponsored pension program which is open to employees from the public, private and unorganized sectors (except for the armed forces). In this scheme, the account holders can invest regularly in a pension account through the tenure of their employment. Once they retire, the account holders can use a certain percentage of the corpus as a lump sum and use the rest as a pension. Tax benefit is available only on Rs.1.5 lakh under Section 80CCD(1) of the Income Tax Act, and an additional Rs.50,000 under Section 80CCD(2) – a total of up to Rs 2 lakh

3 ELSS

Equity Linked Savings Scheme is a tax saving mutual fund that is eligible for section 80C benefits along with the other investments listed, for a maximum amount of ₹1.5 lakh a year. ELSS is an equity portfolio that invests in a diverse set of equity shares. It can hold some cash defensively, but is primarily an equity investment. ELSS has a lock-in period of three years (lowest among 80C investments), after which the investor can withdraw the funds for short-term goals, besides retirement.

Other options to be considered are Sukanya Samriddhi Yojana, Senior Citizens Saving Scheme (SCSS), Unit Linked Insurance Plan (ULIP), health insurance and National Savings Certificates (NSC)

Rajesh K Bhansali, Mutual Fund Distributor from Delhi