

Debt Fund (Hold/Sell) Benefit Calculation

Purpose

Debt mutual funds attract lower capital gains tax if held for a specified period of time, currently 3 years. Sometimes, investors tend to redeem their debt funds before 3 years. They lose long-term capital gain advantage due to this. This calculator helps in suggesting to the client the advantage of holding debt fund investments till they qualify for LTCG. It gives the tax benefit in absolute amount.

It also provides incremental tax-free return percentage on total investment for the remaining period (LTCG qualification period less the period for which the investments have been held as of date. This return is expected to be a high number because it factors the taxes saved on total investment due to holding a little longer.

This is an excellent calculator to convince investors to hold their debt fund investments at least till they qualify for LTCG.

Scenario 1 : Existing Investment

Option 1 Existing Investment New Investment

Option 1 <input checked="" type="radio"/>	Purchase Date	
	Investment Amount	₹
	Redemption Date	
	Current Market Value	₹
	Assumed Indexation Rate	%
	Expected Return For Remaining Period	%
	Applicable Short Term Tax Rate	%
	Applicable Long Term Tax Rate	%

The date on which the investment in the debt fund was made.

Enter the investment amount.

Enter the date on which the client proposes to redeem the above investments if the investments have not qualified for LTCG (currently 3 years)

Current Market Value

For debt mutual funds, the government of India provides a Cost Inflation Index which helps in reducing the long term capital gains liability by increasing the cost of investment, generally related to inflation. Enter the rate accordingly. As an indicator, it could be in the range of 3-5% per year.

Expected rate of return on investments if held till the date of qualifying as long term capital gains. (For example, if the investment has run for 2 years and 6 months, & LTCG qualification is 3 years, enter the rate for the balance period of 6 months.)

This will ideally be as per the income tax slab of the investor.

This is to calculate long term capital gains tax on the debt fund. This is pre-filled in the calculator. You have the option to change it.