

# ARE MUTUAL FUNDS TAX FREE?



# Are mutual funds Tax free?

Mutual funds are not tax free. However, investments in specific mutual funds like Equity Linked Savings Schemes (ELSS) offer tax benefits under Section 80C of the Income Tax Act.

## What is Equity Linked Savings Scheme (ELSS) ?

- ELSS (Equity Linked Savings Schemes) funds are mutual funds that primarily invest in equity markets
- Offer tax benefits under Section 80C of the Indian Income Tax Act.
- ELSS mutual funds have a lock-in period of three years

## Tax benefits of **ELSS**.

01

Investments in ELSS funds qualify for deductions up to ₹1.5 lakh in a financial year, reducing your taxable income.

02

Capital gains earned from redeeming ELSS, at the end of a three-year tenure, are tax-free up to ₹1 lakh per year.

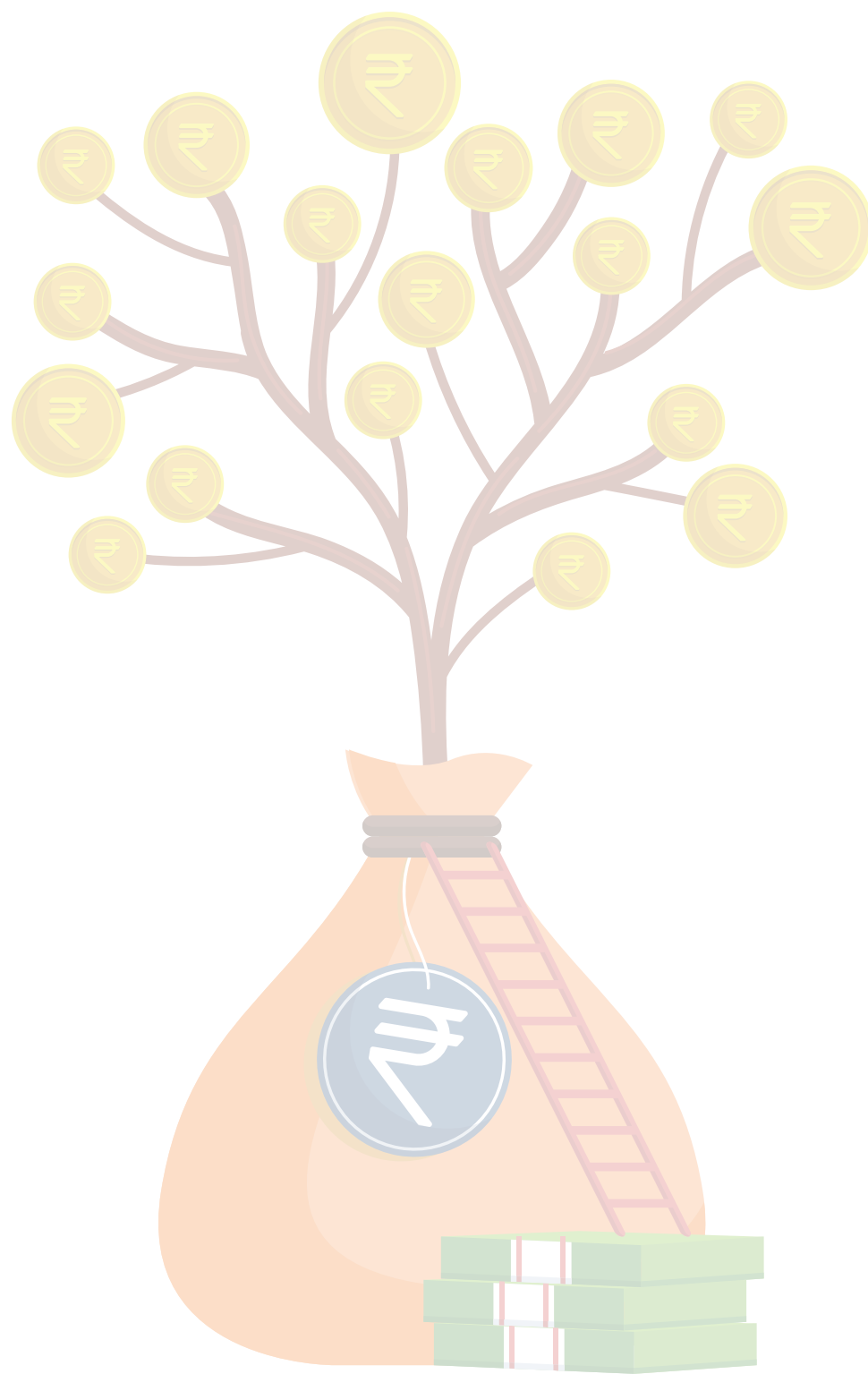
03

Any earnings beyond ₹1 lakh are subject to a 10% long-term capital gains tax plus applicable surcharge and health and education cess.



# Important Considerations

It is essential to consult with a tax advisor to understand the tax implications of SIP investments based on individual financial circumstances.



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