NOTICE CUM ADDENDUM No. 19/2024

Notice-cum-addendum to the Statement of Additional Information (SAI) of Helios Mutual Fund

UPDATION OF PROVISIONS PERTAINING TO TAXATION

Investors are requested to note that consequent to the enactment of Finance Act, 2024, the provisions pertaining to Taxation stand updated in the Statement of Additional Information (SAI) of Helios Mutual Fund, as under.

Para A titled "Taxation on Investing in Mutual Funds" under Section IX of the SAI titled "Tax & Legal & General Information" stands replaced with the following:

"IX. TAX & LEGAL & GENERAL INFORMATION

A. Taxation on investing in Mutual Funds

The tax benefits set out in the SAI are for general information purposes only, based on the law prevailing as at the date of this document and also incorporating the amendments made by the Finance (No. 2) Act, 2024 and do not constitute tax advice by Helios Mutual Fund. The tax information provided in the SAI does not purport to be a complete description of all potential taxes, incidence and risks inherent in subscribing to the Units of scheme(s) offered by Helios Mutual Fund. Investors should note that the fiscal rules/ tax laws may change from time to time and the current tax positions may not continue forever. The applicability of tax laws, if any, on Helios Mutual Fund /its Scheme(s)/ investments made by the Scheme(s) and/ or investors and/ or income attributable to, or distributions or other payments made to Unitholders are based on the understanding of the prevailing tax laws and could potentially be subject to different interpretations adopted by the relevant authorities resulting in tax liability being imposed on the Mutual Fund/ Scheme(s)/ Unitholders/ Trustee/ AMC.

In view of the individual nature of the tax consequences, each investor is advised to consult his/ her own professional tax advisor. The tax information contained in SAI should not be used for implementation of an investment strategy or construed as investment advice. Investors in their individual capacity should understand that they shall be fully responsible/ liable for any decision taken on the basis of this document. Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information. Investors should study this SAI carefully in its entirety and should not construe the contents as an advice relating to taxation. Investors should consult professional advisors to determine possible tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/ redeem Units.

I. Tax Benefits/Consequences to the Mutual Fund

Helios Mutual Fund (Fund) is a Mutual Fund registered with the Securities & Exchange Board of India and hence the entire income of the Mutual Fund is exempt from income-tax in accordance with the provisions of section 10(23D) of the Income-tax Act, 1961 (the Act). Accordingly, the income of the Fund is exempt from income tax. The Mutual Fund will receive all income without any deduction of tax at source under the provisions of section 196(iv) of the Act.

II. **Tax Benefits / Consequences to Unit holders**

Incomes from units

Income in the nature of dividends distributed by mutual funds is taxable in the hands of unit holders under section 56 of the Act under the head 'Income from Other Sources' at the applicable rates given below. Further, the taxpayer can claim a deduction of interest expenditure only under section 57 of the Act which shall be restricted to 20% of the gross dividend income.

Type of Assessee	% of Income Tax
Individuals, HUFs, Association of Persons	Applicable Slab Rates
Partnership Firms, including Limited Liability Partnerships ('LLPs') and Indian companies*	30%
Foreign Companies	35%

** A tax rate of 25% (plus applicable surcharge and health and education cess) is applicable for the financial year 2024-25 in the case of domestic companies having total turnover or gross receipts not exceeding Rs. 400 crores in the financial year 2022-23. Domestic companies may opt for a lower tax rate of 22% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAA of the Act), subject to fulfilment of prescribed conditions. Further, new domestic manufacturing companies may opt for a lower tax rate of 15% (plus fixed surcharge at the rate of 10% and health and education cess) (as per section 115BAB of the Act), subject to fulfilment of prescribed conditions.*

Levy of surcharge on tax

Tax Status	Income < Rs.50 lakh	Income > Rs.50 lakh but < /= Rs.1 crore	Income > Rs.1 crore but < /= Rs.2 crore	Income > Rs.2 crore but < /= Rs.5 crore	Income > Rs.5 crore
Individual / HUF/ AOP (resident & foreign)*	NIL	10%	15%	25%	37%
Tax Status	**Income < /= Rs.1 crore**	**Income > Rs.1 crore, but < /= Rs.10 crore**	**Income > Rs.10 crore**	**-**	**-**
Partnership Firm (including LLP)	NIL	12%	12%	-	-
Domestic company	NIL	7%	12%	-	-
Domestic company (opting for new tax regime)	NIL	10%	10%	-	-
Foreign company	NIL	2%	5%	-	-

** The surcharge rate applicable to capital gains taxable under section 112, 112A and 111A of the Act is capped to 15%.*
**In case investor is opting for 'New Tax Regime' under section 115BAC (1A) of the Act, the rate of surcharge is capped at 25%.*
*** The surcharge rates in the case of an AOP consisting of only companies as its members as under:*

Particulars	***Rate***
Income > Rs.50 lakh but <= Rs.1 crore	*10%*
Income > Rs.1 crore	*15%*

Unless specifically stated, the income-tax rates including TDS rates specified above and elsewhere in this document are exclusive of the applicable surcharge and health and education cess at the rate of 4%.

Securities Transaction Tax (STT)

As per the taxation laws in force and Chapter VII of the Finance (No.2) Act, 2004 pertaining to Securities Transaction Tax (STT), the tax benefits/ consequences as applicable to Helios Mutual Fund in respect of its Mutual Fund schemes and investors investing in the Units of its Mutual Fund Schemes [on the assumption that the units are not held as stock-in-trade] are stated as follows:

STT is levied on purchase or sale of unit of an Equity–Oriented Fund ("EOF") entered in a recognized stock exchange. The responsibility for the collection of the STT and payment to the credit of the Government is with the Stock Exchange.

STT is also levied on sale of a unit of an equity-oriented fund In such a case, the responsibility for the collection of the STT and payment to the credit of the Government is with the Mutual Fund.

STT is not applicable on purchase / sale / redemption of units other than equity-oriented units. STT is not deductible for the computation of capital gains. However, if it is held that gains on the sale of securities are in the nature of business profits, then for the purpose of computing the business income, an amount equivalent to the STT paid on the transaction value will be allowed as a deduction from the gains earned, under section 36 of the Act.

The applicable rates of STT are as follows:

Sr. No	Nature of securities transaction	STT Rate	Payable by
1.	Sale of units of an equity oriented mutual fund (delivery based) entered in a recognized stock exchange	0.001%	Seller
2.	Sale of units of an equity oriented mutual fund (non-delivery based) entered in a recognized stock exchange	0.025%	Seller
3.	Sale of a unit of an equity-oriented fund to the Mutual Fund	0.001%	Seller
4.	Purchase of units of equity-oriented mutual fund	NIL	Not applicable

The above STT shall not apply in respect of taxable securities transactions entered into by the following persons:

a. any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10 of the Act; or

b. any person on a recognised stock exchange located in an International Financial Services Centre where the consideration for such transaction is paid or payable in foreign currency.

Gains on transfer / redemption of units

Capital Gains

The capital gains would be computed as under:

Particulars	Amount (in Rs.)
Full Value of Consideration	XXX
(Less): Expenses incurred in connection with transfer (Refer Note)	(XXX)
(Less): Cost of Acquisition	(XXX)
Capital Gains/ Losses	**XXX/(XXX)**

Note:1: In case of computation of long-term capital gains, indexation may be available, as applicable.

Note 2: This would include only expenses relating to transfer of units.

Capital gains arising on the transfer or redemption of equity-oriented units held for a period of more than 12 months, immediately preceding the date of transfer, should be regarded as 'long-term capital gains'.

In case of ELSS, the units are subject to a lock-in period of 3 years. Accordingly, any sale of units after this lock-in period will qualify as a long-term capital gain.

- **Long term capital gains**

In the case of a fund other than EOF:

Long-term capital gains in respect of units of other than units of EOF will be chargeable under section 112 of the Act, at the rate of 20% with indexation benefit if the transfer takes place before 23 July 2024 and at 12.5% without indexation benefit if transfer take place on or after 23 July 2024.

In case of NRIs, any income arising from the transfer of long-term capital asset, which is chargeable under head capital gains shall be taxable at the rate of 10% on transfer of capital assets, being unlisted securities, computed without giving effect to first and second proviso to section 48 of the Act i.e., without taking benefit of foreign currency fluctuation and indexation benefit or at rate of 20% with indexation benefit if the transfer takes place before 23 July 2024. In case, if transfer takes place on or after 23 July 2024, such income shall be taxable at the rate of 12.5% without indexation.

The benefit of indexation and foreign currency fluctuation will also not be available to FIIs and specified fund as defined and taxed under section 115AD of the Act at rate of 10%.

In cases where the taxable income, reduced by long term capital gains of a resident individual or HUF is below the taxable limit, the long-term capital gain will be reduced to the extent of this shortfall and only the balance of the long-term capital gain is chargeable to income tax.

In the case of EOF:

As per section 112A of the Act, long-term capital gains, exceeding Rs. 1,25,000, on transfer of units of EOFs before 23 July 2024 shall be taxable at the rate of 10% and on transfer of units on or after 23 July 2024 shall be taxable at the rate of 12.5% provided transfer of such units is subject to STT, without giving effect to first and second proviso to section 48 i.e., without taking benefit of foreign currency fluctuation and indexation benefit.

The Mutual Fund would recover the STT from the unit holder at the applicable rate. Long term capital gains arising from the transfer of units on which STT is not paid, should be chargeable to tax at the rate of 20% with indexation benefit if the transfer takes place before 23 July 2024 and at 12.5% without indexation benefit if transfer take place on or after 23 July 2024.

"Equity oriented fund" i.e. EOF has been defined to mean a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 and—

(i) in a case where the fund invests in the units of another fund which is traded on a recognised stock exchange-

(A) a minimum of 90% of the total proceeds of such fund is invested in the units of such other fund; and

(B) such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and

(ii) in any other case, a minimum of 65% of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognised stock exchange.

Further it is stated that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

In case of resident individuals and HUFs, where taxable income as reduced by long term capital gains, is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains is chargeable to income tax.

To provide relief on gains already accrued up to 31 January 2018, a mechanism has been provided to “step up” the COA of securities. Under this mechanism, COA is substituted with the Fair Market Value (FMV), where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA. FMV is defined as the highest price quoted for the unit on 31 January 2018 on a “recognized stock exchange”, or Net Asset Value of the unit as on 31 January 2018 where unit is not listed.

In the cases, where the gross total income includes such Long-term capital gains, deduction under Chapter VI-A should be allowed for the gross total income as reduced by such capital gains. Also, rebate under section 87A (available for resident investors) should be allowed from the income-tax on the total income as reduced by tax payable on such capital gains except long term capital gain under section 112A of the Act.

As per the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, capital gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period (In case of Purchase: 1 year backward / 2 years forward from date of transfer of original asset & in case of Construction: 3 years forward from date of transfer of original asset) in a residential house in India. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital

asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. The Finance Act, 2023 limits the maximum deduction that can be claimed under section 54 and section 54F of the Act to Rs. 10 crores, where the cost of new asset purchased is more than Rs. 10 crores then the cost of such asset exceeding Rs. 10 crores should not be considered. This amendment will take effect from 1 April 2024.

- **Short term capital gains**

  In the case of a fund other than EOF and Specified Mutual Fund

  Short-term capital gains are taxed at the normal rates applicable to each unit holder. In case where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short-term capital gain will be reduced to the extent of this shortfall and only the balance short term capital gain is chargeable to income tax.

  Finance Act 2023 has introduced section 50AA which provides that any gains on transfer / redemption of units of Specified Mutual Funds acquired on or after 1 April 2023 are deemed as short-term capital gains. 'Specified mutual fund' has been defined in section 50AA of the Act which means a mutual fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies.

  The Finance (No. 2) Act 2024 has further amended the definition of the specified mutual fund (applicable from financial year 2025-26) and as per amended definition "specified mutual fund" means

a. a mutual fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments or

b. a fund which invests 65% or more of its total proceeds in units of fund referred to in 'a' above.

  In the case of EOF

  As per section 111A of the Act, short-term capital gains on transfer of units before 23 July 2024 of EOFs shall be taxable at 15% and for transfer on or after 23 July 2024 shall be taxable at 20%.

  Short term capital gains arising from transfer of units of an EOF on which STT is not paid are taxed at the normal rates applicable to each unit holder.

  In the cases, where the gross total income includes such short-term capital gains, deduction under Chapter VI-A should be allowed for the gross total income as reduced by such capital gains. Also, rebate under section 87A (available for resident investors) should be allowed from the income-tax on the total income including such capital gains.

Provisions relating to dividend stripping & bonus stripping

As per Section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the unit holders to receive income or additional units without any consideration, as the case may be) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such units.

In the Finance Act, 2022 the said provision is applicable to securities as well and the definition of unit has also been modified, so as to include units of business trusts and AIF, within the definition of units. This amendment will take effect from 01 April 2022.

As per Section 94(8) of the Act, where any person purchases units ('original units') within a period of 3 months prior to the record date, who is allotted additional units without any payment and sells all or any of the original units within a period of 9 months after the record date, while continuing to hold all or any of the additional units, then any loss arising on sale of the original units shall be ignored for the purpose of computing income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase of the additional units as are held on the date of such sale.

In the Finance Act, 2022, sub-section 8 of the section 94 has modified the definition of unit, so as to include units of business trusts and AIF, within the definition of units.

Capital losses

Losses under the head capital gains cannot be set off against income under any other head. Furthermore, within the head capital gains, losses arising from the transfer of long-term capital assets cannot be adjusted against gains arising from the transfer of a short-term capital asset. However, losses arising from the transfer of short-term capital assets can be adjusted against gains arising from the transfer of either a long-term or a short-term capital asset.

Under section 10(38) of the Act, long term capital gains on sale of units of an equity-oriented fund were exempt from income tax subject to certain conditions till 31 March 2018. Hence, losses arising from such transactions would not be eligible for set off against taxable capital gains and not allowed to be carried forward. With effect from 1 April 2018, long term capital loss on transfer of units of equity oriented mutual fund should be allowed to set off against other long-term gains.

Unabsorbed long-term capital losses can be carried forward and set off against the long-term capital gains arising in any of the subsequent 8 assessment years. Unabsorbed short-term capital losses can be carried forward and set off against the income under the head capital gains in any of the subsequent 8 assessment years.

Minimum Alternative Tax/Alternate Minimum Tax

The income on the transfer of Mutual Fund units by a company would be taken into account in computing the book profits and Minimum Alternative Tax ('MAT'), if any, under section115JB of the Act.

Income of a foreign company in respect of capital gains on transactions in securities (as defined under Securities Contract Regulation Act), as well as corresponding expenses, are to be excluded while computing income under minimum alternate tax provisions, if tax payable thereon is less than 15% (plus surcharge and health and education cess) *[MAT should not apply in case of domestic companies exercising option under section 115BAA and section 115BAB of the Act]*.

The taxable income on transfer of Mutual Fund units would be taken into account in computing the Adjusted Total Income and Alternate Minimum Tax, if any, under section 115JC of the Act. *[Section 115JC is applicable to all persons other than company which has claimed any deduction under Chapter VI-A under the heading 'C- Deductions in respect of certain incomes' (other than section 80P) or section 10AA]*.

An amendment has been made vide the Finance Act, 2016, to clarify that MAT provisions should not be applicable to a foreign company with retrospective effect from financial year 2001-2002, if:

- it is resident of a country with which India has a DTAA, and it does not have a permanent establishment in India, in accordance with the provisions of the relevant DTAA; or

- it is resident of a country with which India does not have a DTAA, and it is not required to seek registration under Indian corporate laws.

Sec 47 of the Indian Income Tax Act - Transactions not regarded as transfers

Section 47 has been amended with insertion of clause (xviii) and clause (xix) to provide that any transfer of unit or units by a unit holder upon consolidation of two or more schemes of equity oriented fund or two or more schemes of a fund other than equity oriented fund or upon consolidation of two or more plans within a mutual fund scheme, will not be treated as transfer, if the transfer is made in consideration of the allotment to him of unit or units in the consolidated scheme of the mutual fund under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulation, 1996 and accordingly capital gains will not apply.

As per section 49(2AD) of the Act, the cost of acquisition of units in the consolidated plan / scheme shall be the cost of units in consolidating plan / scheme of mutual fund. As per section 2(42A) of the Act, period of holding of the units of consolidated plan / scheme shall include the period of holding for which the units in consolidating plan / scheme of mutual fund were held.

Finance Act, 2020 has rationalized capital gains taxability in relation to mutual fund portfolio segregation as per SEBI (Mutual Funds) Regulations, 1996. In such a case, the period of holding of segregated units shall be counted from date of holding of original units and the cost of acquisition of segregated units shall be apportioned between original units and segregated units based on net asset value prevailing immediately before segregation.

Tax Deduction at Source

A. On income distributed by mutual funds

Resident Unit holders:

As per section 194K of the Act, any person responsible for paying to a resident any income in respect of units of a Mutual Fund specified under clause (23D) of section 10 shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the 10% on income (in excess of Rs. 5,000). It has been clarified that the provisions of section 194K of the Act shall apply only in respect of

income in the nature of dividends distributed by the mutual fund and shall not apply in respect of income which is in the nature of capital gains on units of mutual fund.

Non-resident Unit holders:

Section 196A of the Act requires mutual fund to withhold taxes on income in respect of units at the rate of 20% (plus applicable surcharge and health and education cess) or the rates provided in the tax treaty on any income paid to a non-resident.

Offshore Fund Unitholders:

Under section 196B of the Act, tax shall be deducted at source in respect of income from units purchased in foreign currency @ 10%.

Foreign Institutional Investors/ Specified Fund:

As per section 196D of the Act, any income received in respect of securities (other than units purchased in foreign currency), tax shall be deducted at source, at earlier of payment or credit @ 20%/10% for Foreign Institutional Investor and Specified Fund respectively.

B. On income in the nature of capital gains

Resident Unit holders:

No income tax is required to be deducted at source from capital gains arising on transfer of units by resident unit holders.

- In the case of other than EOF including Specified Mutual Fund (short term oly)

1. Non-resident Individual Unit holders:

Tax is required to be deducted at source on payment of any sum chargeable under the provisions of the Act to a non-resident under section 195 of the Act at the following rates:

- On income by way of long-term capital gains @ 10% (unlisted securities) or @ 20% (listed securities) if the transfer takes place before 23 July 2024 or 12.5% if the transfer takes place after 23 July 2024.
- On income by way of short-term capital gains @ 30%

A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions of the relevant Double Taxation Avoidance Agreement ('DTAA'), whichever is more beneficial to the assessee. However, the Unit holder will be required to provide appropriate documents to the Fund in order to be entitled to a beneficial rate under such DTAA. As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Furthermore, as per section 90(5) of the Act, non-residents are also required to provide other information in the prescribed Form 10F.

2. Offshore fund Unit holders:

Under section 196B of the Act, tax shall be deducted at source from long term capital gains from units purchased in foreign currency @ 10% before 23 July 2024 or 12.5% if the transfer takes place after 23 July 2024.

Tax is required to be deducted at source, on payment to a non-resident of any sum chargeable under the provisions of the Act, at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA, whichever is more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under the relevant DTAA. As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a TRC) of being a resident of his home country. Furthermore, as per section 90(5) of the Act, a non-resident is also required to provide other information in the prescribed Form 10F.

- In the case of EOF

Tax is required to be deducted at source under section 195 of the Act on payment to a non-resident on any sum which is chargeable under the provisions of the Act, at the following rates:

- Income from way of long-term capital gains in excess of Rs. 1,25,000 arising from the transfer of units (subject to STT) on or after 23 July 2024, at 12.50% and transfer of units before 23 July 2024 shall be at the rate of 10%.
- On income by way of short-term capital gains arising from the transfer of units (subject to STT) on or after 23 July 2024, at 20% and transfer of units before 23 July 2024 shall be at the rate of 15%.

Tax is required to be deducted at source under section 195 of the Act, on payment to a non-resident of any sum chargeable under the provisions of the Act, at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial than the DTAA. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA, whichever is more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under the relevant DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Furthermore, as per section 90(5) of the Act, a non-resident is also required to provide other information in the prescribed Form 10F.

- Foreign Institutional Investors

As per section 196D of the Act, no deduction shall be made from any income by way of capital gains, in respect of transfer of units (other than those purchased in foreign currency)of the Act.

The higher rate of TDS may apply in following cases: -

1. Failure to provide Permanent Account Number (PAN)

As per Section 206AA, a recipient who fails to furnish PAN to the person making a payment would suffer TDS at the higher rate of the following:

I. The rate prescribed in the Act;

II. The rate in force; or

III. The rate of 20%.

This requirement would not apply to such non-resident not being a company, or to a foreign company, if the following details and documents are furnished to the payer (Rule 37BC inserted vide Notification No. 53/2016):

- Name, email ID, contact number;
- Address in the country or specified territory outside India of which the deductee is a resident;
- Certificate of his being resident in any country or specified territory outside India from the government of that country or specified territory if the law of that country or specified territory provides for the issuance of such certificate;
- Tax Identification Number of the deductee in the country or specified territory of his residence. In case no such number is available, then a unique number on the basis of which the deductee is identified by the government of that country or specified territory of which he claims to be a resident.

2. Applicability of higher tax deducted / collected at source rates where return of income is not filed

The Finance Act, 2021, has inserted new Section 206AB which is effective from July 01, 2021, where tax shall be deducted at higher of the following rates at the time of payment to specified person:

a. twice the rate specified in the relevant provision of the Act; or

b. twice the rate or rates in force; or

c. the rate of 5%

Where the provisions of section 206AA of the Act is applicable, tax shall be deducted at the higher rate as provided under section 206AA and 206AB of the Act.

Section 206CCA of the Act inserted by the Finance Act, 2021 states that tax should be collected at the higher of the following rates at the time of payment to a specified person:

a. at twice the rate specified in the relevant provision of the Act; or

b. at the rate of 5%.

The rate of TCS under section 206CCA shall not exceed 20% as amended by Finance Act 2023 w.e.f. 1 July 2023.

For the purposes of section 206AB and 26CCA of the Act, specified person means person who has not filed tax return for the previous year immediately before the year in which tax is required to be deducted or collected and time limit for filing such tax returns has expired; and aggregate of TDS and TCS in previous year exceeds Rs. 50,000.

It is provided that specified person shall not include a non-resident who does not have a permanent establishment in India or to a person who is not required to furnish the return of income and who is notified by the Central Government in the official gazette in this behalf.

3. PAN Aadhaar linking:

As per Section 139AA of the Income Tax Act, 1961 read with CDBT circular 7 of 2022 dated March 30, 2022, where a person who has been allotted PAN as on the 1st day of July 2017, and who is eligible to obtain Aadhaar number has failed to intimate / link Aadhaar with PAN on or before 30th June 2023, the PAN of such person shall become inoperative immediately after the said date. Once a person's PAN becomes inoperative, TDS at the higher rate of 20% shall be applicable in addition to other consequences under the Act.

Clubbing of income

Subject to the provisions of section 64(1A) of the Act, taxable income accruing or arising in the case of a minor child ((not being a minor child suffering from disability specified in section 80U) shall be included in the income of the parent whose total income is greater or where the marriage of the parents does not subsist, in the income of that parent who maintains the minor child. An exemption under section 10(32) of the Act, is granted to the parent in whose hand the income is included up to Rs. 1,500/- per minor child. When the child attains majority, the tax liability will be on the child.

Deduction under section 80C

As per section 80C, and subject to the provisions, an individual / HUF is entitled to a deduction from Gross Total Income up to Rs. 1,50,000/- (along with other prescribed investments) for amounts invested in units of a mutual fund referred to in section 10(23D) of the Act, under Equity Linked Savings Schemes (ELSS) or any plan formulated in accordance with such scheme as the Central Government may notify.

OTHER BENEFITS

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts.

TAX TREATY BENEFITS

A non-resident investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the non-resident investor is a tax resident, whichever is more beneficial to the non- resident investor. As per the provisions of the Act, submission of tax residency certificate ("TRC") along with Form 10F will be necessary for granting Tax Treaty benefits to non-residents.

A taxpayer claiming Tax Treaty benefit shall furnish a TRC of his residence obtained by him from the Government of that country or specified territory. CBDT has issued a notification no.57/2013 dated August 1, 2013, amending the Income-tax Rules, 1962, prescribing the additional information required to be provided by a non-resident in Form No. 10F along with TRC to avail treaty benefits. The non-resident is required to provide the following information duly signed by the authorized signatory in the prescribed form 10F:

a. Status (individual, company, firm etc.) of the non-resident;

b. Permanent Account Number (PAN) of the non-resident if allotted;

c. Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);

d. Non-resident's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the non-resident claims to be a resident;

e. Period for which the residential status, as mentioned in the certificate referred to in sub-section (4) of section 90 or subsection (4) of section 90A, is applicable; and

f. Address of the non-resident in the country or specified territory outside India, during the period for which the certificate, as mentioned in (5) above, is applicable.

Further as per section 195(7) of the Act, an application may be required to be made to the tax authorities to determine the withholding tax rate, if transfer / redemption / buyback of units are covered within the list of specified transactions, such list being yet not specified. Further, the provisions of Section 195 and / or Section 197 of the Act would need to be complied and also documents will have to be furnished by the non-resident investor in this regard.

The above statement of likely / possible Direct Tax Benefits/ Consequences sets out the provisions of law in a summary manner only and is not a complete analysis or a listing of all potential tax consequences of the purchase, ownership, and disposal of mutual fund units. The statements made above are based on the tax laws in force. Investors/Unit holders are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposal of mutual fund units."

This addendum shall form an integral part of the SAI. All other features, terms and conditions mentioned in the SAI remain unchanged.

For Helios Capital Asset Management (India) Private Limited
(Investment Manager to Helios Mutual Fund)

Sd/-
Authorised Signatory

Date: September 24, 2024
Place: Mumbai