

# PAYROLL



# The **COMMUNIQUE**



**Senthil Kumar S**

## Our CFO Speaks

### The Collapse!

The last month of the financial year 2022-2023, has seen one of the greatest banking failures since 2008 - The Silicon Valley Bank collapse. The 16th largest bank in the United States went crumbling down as panic struck depositors, withdrew money and the bank investments lost value. But the bank had investments in Treasury Bonds which are safe investments, so what went wrong? The Federal Reserve increased the interest rates on the bonds in an attempt to curb inflation and hence the bond value dropped. So on one side, the investments lost value and on the other side the panic created made depositors withdraw money, and shareholders sell shares marking a downfall of the bank.

Failure of any sort is a wake-up call for mending policies. The Fed and US Treasury Department have made some major amends after this collapse, to avoid further events. A bank like the SVB is a significant part of the economy and public confidence. So the Fed assured every depositor of their entire deposits and introduced the Bank Term Funding Program where the Federal Reserve will lend loans to banks, credit unions, and other deposit institutions.

SVB funded the startup economy which will take a hit due to this collapse and it's not long before the effects will cross boundaries and be felt all over the world. But with timely measures being taken we can hope that the effect will be reduced and we will see better days ahead.

# Inside the Edition

01

Never miss a date

02

Happy to enhance our footprints

03

All you need to know - Debt Mutual Fund  
Taxation

## Never miss a date

April

**7<sup>th</sup>**

Due date for deposit of Tax deducted by an office of the government for the month of March, 2023

April

**15<sup>th</sup>**

Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending March, 2023.

April

**30<sup>th</sup>**

Due date for deposit of Tax deducted by an assessee other than an office of the Government for the month of March, 2023

April

**30<sup>th</sup>**

Due date for uploading declarations received from recipients in Form. 15G/15H during the quarter ending March, 2023.

**Happy to enhance our footprints**

Trust at the core of every relationship



# ALL YOU NEED TO KNOW - DEBT MUTUAL FUND TAXATION

A recent amendment by the Finance Bill 2023 has taken away the benefit of indexation from debt mutual funds, which means that the income from debt mutual funds will be taxed similarly to income from fixed deposits at normal slab rates.

## Debt Mutual Funds

Debt Mutual funds are funds that invest majorly in fixed-income securities like debentures, corporate and government bonds, and money market instruments that offer capital appreciation. These funds are known as Income Funds or Bond Funds. They are relatively less volatile as compared to equity funds and hence preferred by conservative investors

## Taxability of Debt Mutual Funds Prior to Amendment

Prior to the amendment debt mutual funds were taxed on the basis of their holding period. So if the debt fund was held for less than three years, then the gains were taxed as short-term capital gains at normal slab rates. If the debt fund was redeemed after three years then it would be taxed as a long-term capital gains at 20% with an indexation benefit for investors that accounts for inflation.

## Taxability of Debt Mutual Funds Post Amendment

Post April 1st 2023, this indexation benefit has been scrapped, and hence this will impact the demand for bonds with a holding period of more than three years. Experts believe that for corporates the funds that are not used for cash management like actively managed fixed income will be impacted.

For investors, this would mean paying higher taxes if they fall in the 20%-30% tax bracket which may make debt funds less attractive.

## Conclusion

Although the amendment will impact all kinds of debt funds, they will continue to be a good investment option because they attract tax only when sold and provide higher returns in comparison to other traditional investments.



**To have a financial year different  
from the  
previous, do things differently!  
Automate Now!**

**TdsPac™**

**PayPac™**

**FAMS™**

**26AS Reconciler™**

Email ID :  
**sales@fastfacts.co**

Contact no :  
**+91 9582005110**