

Taxability of Mutual Fund Capital Gains under Double Taxation Avoidance Agreement (DTAA)

Considered countries with maximum inward remittance to India.

Country	Relevant Article on Capital Gain on sale of Mutual Fund Units	Taxability of Capital Gain on Mutual Fund Units	Provision
United States	Article 13	Taxable in India	The assessee, who is a resident of United states for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be taxable in India in accordance with the provisions of Article 13 of the Tax Treaty.
United Arab Emirates	Article 13(5)	Not Taxable in India	The assessee, who is a resident of UAE for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India should be liable to tax in a country in which assessee is resident in accordance with the provisions of Article 13(5) of the Tax Treaty.
United Kingdom	Article 14	Taxable in India	The assessee, who is a resident of United Kingdom for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be taxable in India in accordance with the provisions of Article 14 of the Tax Treaty.
Singapore	Article 13(5)	Not Taxable in India subject to Limitation of Relief	As per Recent Judgement issued by ITAT, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be liable to tax in a country in which assessee is resident
Saudi Arabia	Article 13(6)	Not Taxable in India	The assessee, who is a resident of Saudi Arabia for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be liable to tax in a country in which assessee is resident in accordance with the provisions of Article 13(6) of the Tax Treaty.
Kuwait	Article 13(6)	Not Taxable in India	The assessee, who is a resident of Kuwait for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be liable to tax in a country in which assessee is resident in accordance with the provisions of Article 13(6) of the Tax Treaty.
Oman	Article 15(6)	Not Taxable in India	The assessee, who is a resident of Oman for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be liable to tax in a country in which assessee is resident in accordance with the provisions of Article 15(6) of the Tax Treaty.
Qatar	Article 13(6)	Not Taxable in India	The assessee, who is a resident of Qatar for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India should be liable to tax in a country in which assessee is resident in accordance with the provisions of Article 13(6) of the Tax Treaty.
Hong Kong	Article 14	Taxable in India	The assessee, who is a resident of Hong kong for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be taxable in India in accordance with the provisions of Article 14(6) of the Tax Treaty.
Australia	Article 13	Taxable in India	The assessee, who is a resident of Australia for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India Shall be taxed in India in accordance with the provisions of Article 13 of the Tax Treaty.
Malaysia	Article 14(6)	Not Taxable in India	The assessee, who is a resident of Malaysia for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India should not be liable to tax in India in accordance with the provisions of Article 14(6) of the Tax Treaty.
Canada	Article 13	Taxable in India & Canda (Tax Credit Benefit Available)	The assessee, who is a resident of Canada for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India May be taxed in both countries in accordance with the provisions of Article 13 of the Tax Treaty and the tax credit may be allowed as per the domestic tax law of the Canada.
Germany	Article 13	Not Taxable in India	The assessee, who is a resident of Germany for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India should not be liable to tax in India in accordance with the provisions of Article 13 of the Tax Treaty.
Italy	Article 14(6)	Not Taxable in India	The assessee, who is a resident of Italy for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India should not be liable to tax in India in accordance with the provisions of Article 14(6) of the Tax Treaty.
Philippines	Article 14(5)	Not Taxable in India	The assessee, who is a resident of Philippines for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India should not be liable to tax in India in accordance with the provisions of Article 14(5) of the Tax Treaty.
Nepal	Article 13(6)	Not Taxable in India	The assessee, who is a resident of Nepal for the purposes of the Tax Treaty, Capital Gain arising from sale of units of equity-oriented mutual funds and debt-oriented mutual funds of India shall be liable to tax in a country in which assessee is resident in accordance with the provisions of Article 13(6) of the Tax Treaty.

Note:

1. For claiming DTAA benefits, valid Tax Residency Certificate and Form 10F is required.
2. The above DTAA benefits, is subject to Limitation of Benefits Article, if any, in the relevant DTAA.
3. All the above countries have an existing DTAA with India.
4. Investments are subject to taxation as per prevailing laws; consult your tax advisor for more details.
5. Tax-payers must satisfy all provisions of India and resident country's DTAA.

For more on DTAA provisions in other countries, visit: <https://incometaxindia.gov.in/Pages/international-taxation/dtaa.aspx>

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