

CAPITAL GAIN BONDS

Tax can be saved on Long Term Capital gains made on sale of land or building or both by investing in Capital Gain Bonds issued under Section 54EC of Income Tax Act, 1961. These bonds are issued by Power Finance Corporation Limited (PFC), Indian Railway Finance Corporation Limited (IRFC), National Highways Authority of India (NHAI) and Rural Electrification Corporation Limited (REC). The investment in the bonds would need to be made within a period of 6 months from the date of transfer of the land or building or both and the period of investment in the Capital Gains Bonds would be for 5 years.

Key Features of Capital Gain Bonds issued under Section 54EC of Income Tax Act, 1961

- AAA credit rating by CRISIL, ICRA and CARE
- Maximum investment of Rs. 50 lakhs (in case of jointly held property, each owner has a separate limit of Rs. 50 lakh)
- Bonds are non-transferable, non-marketable, non-negotiable and cannot be offered as a security for any loan or advance
- The Bonds will not be listed on any stock exchange due to non-transferability during the tenure of Bonds
- TDS is not deducted for Resident Indians on interest earned on the bonds
- Currently the Interest rate offered on the bonds is 5.75%
- Tenure of Bonds is 5 years
- Bonds are available in Physical and Demat mode
- Eligible Investors are Individuals, Hindu Undivided Families (HUF), Partnership firm, Insurance Companies, Companies and Body Corporates, Provident Funds, Superannuation Funds and Gratuity Funds, Banks, Mutual Funds, Financial Institutions (FIs), Foreign Portfolio Investors (subject to existing regulations), Regional Rural Banks, NRIs/other foreign eligible investor investing out of NRO A/c on non-repatriable basis, Co-operative Banks and Limited liability Partnerships

Bond offered (under sec 54 EC): Int Rate: 5.75%, Tenure: 5 yrs

- PFC • REC • IRFC • NHAI

54EC Bond Company: Cheque Favoring

54E PFC BOND	PFC Capital Gain Bonds
54EC REC BOND	Rural Electrification Corporation Limited - 54EC Bonds
54EC IRFC BOND	IRFC Capital Gain Bonds
54EC NHAI BOND	National Highways Authority of India

54EC Bond Company: Interest Payment date

54E PFC BOND	Every year on 31st July till redemption and balance along with redemption.
54EC REC BOND	Annually on June 30 of each year
54EC IRFC BOND	Every year on 15 October till redemption and balance along with redemption.
54EC NHAI BOND	Annually On 1st April and Final Interest at the time of Maturity