

What is RGESS all about?

- In the Union Budget for 2012-13, a new Section 80 CCG has been introduced in the IT Act for extension of income tax benefits under the Rajiv Gandhi Equity Savings Scheme.
- RGESS offers tax benefit over and above the tax benefit offered under Section 80C of the IT Act which is available for investment up to Rs.1 lakh.
- Investment has to be made in eligible Equity shares and/ or eligible Equity Mutual Funds.

Eligible Securities under RGESS

- Equity shares of companies representing “BSE-100” Index or “CNX-100” Index including their Follow on Public offers (FPO)
- Equity shares of Maharatna, Navratna or Miniratna public sector enterprises and their FPOs
- **Units of Exchange Traded Funds (ETFs) or Mutual Fund (MF) schemes investing in RGESS eligible shares provided these units are listed and traded on stock exchange and settled through depository mechanism. New Fund Offers (NFOs) of these Schemes are also eligible.**
- Initial Public Offer(IPO) of a PSU wherein the government shareholding is at least 51% which is scheduled for getting listed in the relevant previous year and whose annual turnover is not less than four thousand crore rupees during each of the preceding three years

New Notification 2013-14

Vide Finance Act, 2013, certain conditions under RGESS were liberalized and the Ministry of Finance vide Notification no 94/2013 F.No. 142/35/2012-TPL dated 18th December 2013 notified that the existing investors may invest in F.Y.2013-14 upto RS. 50000/- in RGESS and avail the tax relief under section 80 CCG of the Income Tax Act-1961.

Who is Eligible to Invest?

- Any one is free to invest in the RGESS Fund, however,
- One is eligible for income tax deduction benefits under Section 80CCG provided –
 - He/ She is a resident individual
 - He/ She is a new retail investor
 - His/ Her gross total annual income does not exceed Rs.12 lacs.
 - Existing investors of RGESS (2012-13) can also invest in RGESS (2013-14) by using same Demat account

Who is a New Retail Investor?

“New
Retail
Investor”
means

- an individual who has not opened any demat account as on 23.11.2012 or
- an individual who has opened a demat account before 23.11.2012 but has not made any transactions in the equity segment or the derivative segment till 23.11.2012 or
- an individual who is not the first account holder of an existing joint demat account

RGESS Scheme Benefits

- Exclusive 50% Deduction from Income under Sec 80CCG of IT Act, 1961 for investment upto Rs.50,000 over and above deduction of Rs. 1,00,000 under Section 80C.
- Tax saving of Rs.2575 for investors under 10% slab, Rs. 5150 for investors under 20% slab and Rs. 7725 for investors under 30% slab
- Tax Free Maturity since long term capital gain under equity oriented scheme is Nil after 1 year



Disclaimer

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.



Thank you!