



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%
- 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%, Tenure: 5 yrs

- PFC • REC • IRFC

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 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.

DOCUMENTS REQUIRED

1. **Self-attested copy of PAN Card (In case of Joint application, self-attested PAN copy of all the applicants) OR Form 60 (in case of NO PAN).**
2. **Cancelled Cheque for payment of interest/redemption through NEFT/RTGS facility.**
3. **Other documents as applicable below:**

(i) Resident Indian Nationals

Documents in support of Name and Address (copies attested by Gazetted Officer/Notary/Self Attested in case of Individual only)

Any ONE of the following for address proof:

- a) AADHAAR Card (Mandatory in case of NO PAN)
- b) Passport/Driving License
- c) Identify Card issued by any Government Institution
- d) Copy of the electricity bill or Gas connection showing residential address
- e) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address
- f) Voters Identity card
- g) Ration Card
- h) Bank Passbook with address and latest transactions updated

(ii) NRIs/Other foreign eligible investor

- a) Passport (Mandatory), and
- b) Driving License

(iii) Corporate-Investor

All documents (as applicable) attested by Company Secretary/Director

- a) Certificate of incorporation and Memorandum & Articles of Association
- b) Resolution of the Board of Directors and identification of those who have authority to operate
- c) Power of Attorney granted to its managers, officers or employees to transact business, on its behalf
- d) Copy of PAN/PAN Allotment letter.

(iv) Partnership Firms-Investor

All documents (as applicable) attested by any Partner/Notary

- a) Registration certificate, if registered
- b) Partnership deed
- c) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf
- d) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses
- e) Telephone bill in the name of firm/partners
- f) Copy of PAN/PAN Allotment letter.

(v) Trust & Foundations-Investor

All documents (as applicable) attested by Trustee/Notary

- a) Certificate of registration, if registered
- b) Power of Attorney granted to transact business on its behalf
- c) Any officially valid document to identify the Trustees, Settlers, Beneficiaries and those holding Power of Attorney, Founders/Managers/ Directors and their addresses
- d) Resolution of the managing body of the Foundation/Association
- e) Telephone bill
- f) Copy of PAN/PAN Allotment letter (otherwise exemption certificate issued by IT Authorities)