

## Sixth Sense Update

**Iffat Ibrahim**  
iffat.ibrahim@bmafs.com

**Faisal Zahid**  
faisal.zahid@bmafs.com

### **CAPITAL GAINS TAX: CORRECTION TO ‘NO CGT ON FIXED INCOME FUNDS’**

This is a correction of yesterday's note stating that debt and money market funds are tax exempt.

In the light of further clarification, debt and money market fund/collective investment schemes are likely to be liable for Capital Gains Tax (CGT).

The amendment to the Finance Bill 2010 was not referring to CGT on mutual funds but rather the treatment of distribution of income for income tax payments. The amendments referred to (Clause 103) of the Income Tax Ordinance, which states that distribution from capital gains is tax exempt for debt and money market instruments.

Thus with Finance Act 2010 remaining silent on specific treatment/exemption of CGT on debt and money market funds, it may be presumed that CGT will be applicable (as per stated slabs) on all categories of mutual funds, till any further clarity.

## Sixth Sense Update

### DISCLAIMER

- All investments in Mutual Funds are subject to market risk. The NAV based prices of units, dividends, and returns are dependent on forces and factors affecting in the capital markets and as such these may go up or down on market conditions. BMA Financial Services Limited, its sponsors, partners, directors, affiliates or any group company neither take any responsibility nor guarantee results and performance for the third party investment products being offered through BMA Financial Services Limited. Past performance is not necessarily indicative of future results. Investors are advised to read the relevant sections of the respective Trust Deeds and Offering Documents.
- All information contained in this publication has been researched and compiled from sources believed to be accurate and reliable at the time of publishing. All such information and opinions are subject to change without notice. All information is provided without warranty and BMA Financial Services Limited makes no representation of any kind as to the accuracy or completeness of any information hereto contained.
- This is not an offer to buy or sell the investments referred to in this document. This document may not be reproduced, distributed or published for any purposes.
- BMA Financial Services Limited, its directors, officers, employees, group companies, affiliates, or sponsors may also have a position or be otherwise interested in the investments referred to in this document.
- For further queries and/or suggestions, please contact [research@bmafs.com](mailto:research@bmafs.com)