

LKP

Since 1948

Rajiv Gandhi Equity Savings Scheme

RGESS

Now save **MORE** tax on investment in the Stock Market

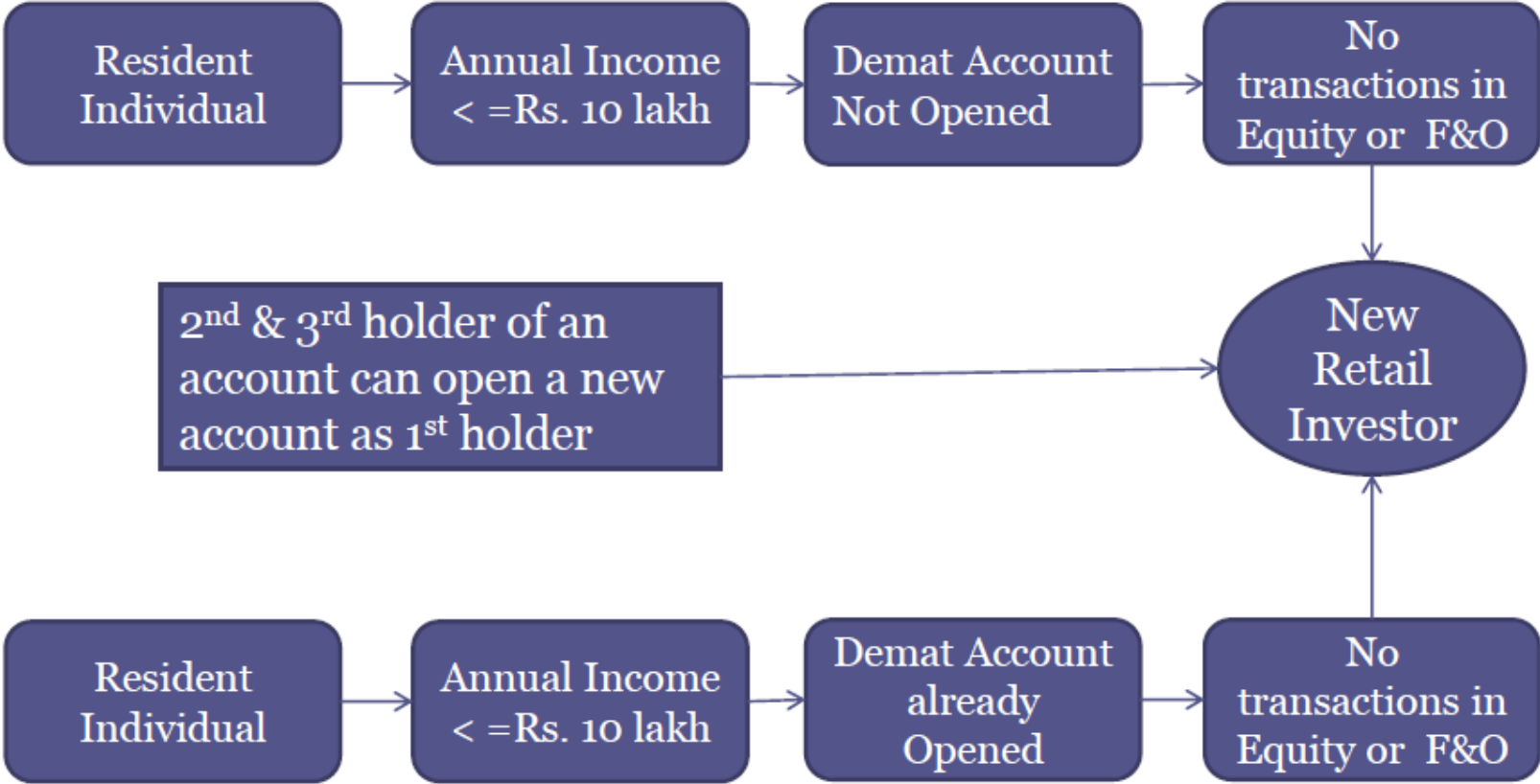
Rajiv Gandhi Equity Savings Scheme

Objective



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Eligibility



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Eligible Securities

Equity Shares in BSE-100 or CNX 100

Equity Shares of Maharatna, Navratna, Miniratna

Units of eligible ETFs or MFs

Eligible FPOs & NFOs

IPOs of eligible PSUs

*List of eligible securities will be made available on the website of the stock exchanges.

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Tax Benefits

Tax Benefit u/s
80CCG –
deduction from
total income

Deduction of 50%
of amount
invested.
Deduction not to
exceed Rs. 25,000

Deduction
permitted only in
one AY

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Tax Benefits : Illustration for FY 2012-13 (Amount in Rs.)

Particulars	A's taxable income (invested in RGESS)	B's taxable income (No RGESS investment)
Salary Income	850,000	850,000
<u>Less</u> : Deductions U/S 80C(LIC etc)	100,000	100,000
80D (Mediclaim)	15,000	15,000
Total Taxable Income	735,000	735,000
<u>Less</u> : Deductions RGESS U/S 80CCG	25,000	0
Total Taxable Income	710,000	735,000
Tax Payable	74,160	79,310
Net tax Saved	5,150	

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Procedure

New
Investor

- Open a demat account with RGESS flag 'Y'
- Open a broking account
- Provide PAN while opening account
- Submit declaration in Form A to DP

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Procedure

Existing
Investor

- Designate existing demat account for RGESS
- Open a broking account, if not opened
- PAN compliant account
- Submit declaration in Form A to DP

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Procedure for RGESS investment

Investment through Exchanges

More than one transaction permitted in a financial year

Valuation provided by Exchanges

Eligible Securities upto Rs. 50,000 kept under lock-in by CDSL

Declaration in Form B by investor –

- Exclude credit of RGESS securities from RGESS portfolio
- Date of trading and Security name mentioned
- All credits received for settlements on date of trading excluded from RGESS portfolio

Investment in other securities / in excess of Rs.50000 can be held in RGESS account - but not eligible for tax benefit

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Procedure for RGESS investment

Declaration in Form B by investor –

- Exclude credit of RGESS securities from RGESS portfolio
- Date of trading and Security name mentioned
- All credits received for settlements on date of trading excluded from RGESS portfolio
- To be submitted within one month of date of transaction

Investment in other securities / in excess of Rs.50000 can be held in RGESS account - but not eligible for tax benefit

Lock-in period

Fixed lock-in of one year

- from the date of credit

Flexible Lock-in of two years :

- 2 years from the end of Fixed lock in period

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Lock-in period

Date of credit	Value of investment in Rs.	Fixed Lock in period	Flexible lock in period
4 th Jan 2013	10,000	4 th Jan 2013 – 14 th Feb 2014	15 th Feb 2014- 14 th Feb 2016
15 th Feb 2013	40,000	15 th Feb 2013- 14 th Feb 2014	15 th Feb 2014- 14 th Feb 2016
15 th Mar 2013	10,000	Not eligible for RGESS	Not eligible for RGESS

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Fixed Lock-in

Valuation provided by exchange on the basis of contract price

Securities under lock-in after receipt of valuation from Exchange

Investor cannot sell / pledge

Information to investor through CDSL web based facility

- Valuation of RGESS portfolio
- Annual statement of RGESS portfolio

Credit received through Corporate Action

- Considered for RGESS portfolio

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Flexible Lock-in

Permitted to trade subject to being compliant for minimum 270 days in **each** flexible lock in year

Compliance conditions

- Maintenance of value of RGESS portfolio = > Amount claimed as RGESS investment
- Fall in value of RGESS portfolio
 - Due to market fluctuations without any sale-Compliant

Fall in value of RGESS portfolio Due to sale –

- Compliant till date of sale
- After date of sale –
 - RGESS portfolio value = Amt claimed as RGESS investment
- OR
 - RGESS portfolio value = Value of RGESS portfolio before sale
- **WHICHEVER IS LESS**

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Flexible Lock-in : Compliance conditions

- Amount claimed as RGESS investment – Rs. 40,000

Date of transaction	Value of RGESS portfolio	Compliance status
1 st May 2014- debit	Before sale - Rs. 50,000 After sale – Rs. 42,000	Compliant
10 th May 2014 – debit	Before sale – Rs. 35,000 After sale – Rs. 30,000	Non compliant
14 th May 2014 – higher market rate	Rs. 40,000	compliant
20 th May 2014 – debit	Before sale – Rs. 42,000 After sale – Rs. 39,000	Non compliant
21 st May 2014- credit	Rs. 40,000	Compliant

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Flexible Lock-in - Compliance conditions

RGESS portfolio valued at closing price on previous date of debit

- Portfolio
 - Securities which were under fixed lock-in
 - Securities which are RGESS eligible on the valuation date (even though not under fixed lock-in)

Sale of RGESS securities

- Securities which were under fixed lock-in
- Securities which were considered for valuation of portfolio in flexible lock –in period

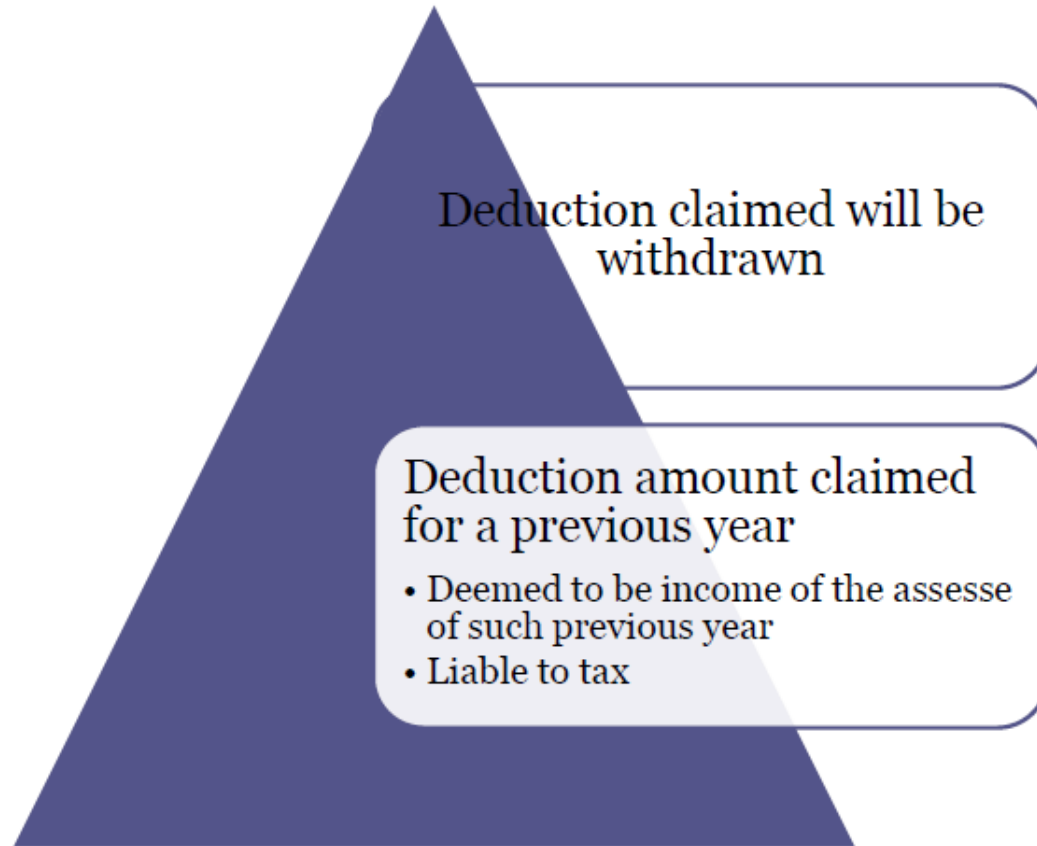
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Flexible Lock-in: Compliance conditions

RGESS PORTFOLIO SCRIPS		RGESS portfolio value
ACC – 500 shares	Fixed Lock-in	Rs. 50,000
ACC – 200 shares	-	Rs. 20,000
Sold – ACC 100 shares	Flexible lock-in	
ACC- 400 + 200 shares		Rs. 60,000 (compliant)

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Effect of non-compliance



Thank You