

# **NISM-Series-XX-Taxation in Securities Markets Certification Examination**

## CURRICULUM

### **I. INTRODUCTION TO SECURITIES MARKETS AND SECURITIES**

- A. Definitions and Features
- B. Structure and Participants
- C. Products and Features of Securities Markets
- D. Sources of Tax Regulations in Securities Markets

### **II. CONCEPTS IN TAXATION**

- A. What is a 'Previous Year'?
- B. What is 'Assessment Year'?
- C. Who is a 'Person'?
- D. Who is an 'Assessee'?
- E. What is 'Residential Status'?
- F. Scope of Income
- G. Heads of Income
- H. Know the Deductions
- I. Know the Exemptions
- J. Know the Rebates
- K. Know the Gross Total Income
- L. Know the Total Income
- M. Know the Tax Payable
- N. Clubbing of Income
- O. Set-Off and Carry Forward of Loss Under the Heads – Capital Gains, Income from other Sources and Business Income
- P. Difference between Investing and Dealing in Shares and Securities
- Q. Alternate Minimum Tax (AMT) and Minimum Alternate Tax (MAT)
- R. Double Tax Avoidance Agreement (DTAA) (Concept of Multilateral Instruments and Permanent Establishment)
- S. General Anti-Avoidance Rules (GAAR)
- T. Know about EEE, EET and ETE

U. Know about the Maximum Marginal Rate of Tax (MMR)

V. Effective Rate of Tax

W. Know about Tax Alpha

### **III. CAPITAL GAINS**

A. What are Capital Assets?

B. Types of Capital Asset

C. How to calculate the period of holding?

D. Transfer of Capital Asset

E. Transactions not Regarded as Transfer

F. Computation of Capital Gains

### **IV. INCOME FROM OTHER SOURCES**

A. Introduction

B. Dividend Income

### **V. TAXATION OF DEBT PRODUCTS**

A. Sources of Income from Debt Products

B. Coupon Bonds

C. Zero Coupon Bonds and Deep Discount Bonds

D. Convertible Bonds

E. Taxation of Commercial Papers

F. Taxation of Government Securities

G. Tax Free Bonds

H. Taxation of Mutual Funds

I. Masala Bonds

J. Foreign Currency Convertible Bonds (FCCB)

K. Taxation of Financial Securities

### **VI. TAXATION OF EQUITY PRODUCTS**

A. Sources of Income

- B. Listed Equity Shares
- C. Tax Treatment of Unlisted Equity Shares
- D. Tax Treatment of Preference Shares
- E. Tax Treatment of GDR or ADR
- F. Tax Treatment of Share Warrants
- G. Tax Treatment of Mutual Funds
- H. Tax Treatment of Derivatives
- I. Dividend Stripping
- J. Bonus Stripping
- K. Benefits not allowed from Capital Gains
- L. Adjustment of Exemption Limit from Capital Gain
- M. Overview of Taxation of Equity Products
- N. Overview of Benefits Not Available from Capital Gains

## **VII. TAXATION OF OTHER PRODUCTS**

- A. Taxation of Employees Stock Option Plan (“ESOP”)
- B. Sovereign Gold Bond (SGB) Scheme
- C. National Pension System (NPS)
- D. Real Estate Investment Trust (REITs)
- E. Infrastructure Investment Trust (InvITs)
- F. Alternative Investment Funds (AIFs)
- G. Exchange-Traded Funds (ETFs)
- H. Unit linked insurance policies

## **VIII. BUSINESS INCOME**

- A. Speculative and Non-Speculative Business Income
- B. Method of Accounting
- C. Valuation of Securities Held as Stock-In-Trade
- D. Valuation of Stock in Special Cases
- E. Determination of Actual Cost of Securities
- F. Computation of Business Income

- G. Set Off and Carry Forward of Business Loss
- H. Income Computation and Disclosure Standards

## **IX. TAXATION IN THE HANDS OF INTERMEDIARIES**

- A. Who is an Intermediary?

## **X. TAXATION – IN THE HANDS OF FOREIGN PORTFOLIO INVESTORS (FPIS)**

- A. Meaning of Foreign Portfolio Investor
- B. Taxability under the Head Capital Gains
- C. Taxability of Dividend Income
- D. Taxability of Interest from Securities
- E. Deduction of Tax at Source (TDS)
- F. Rates of Surcharge and Health and Education Cess
- G. Tax Treatment of Different Categories of FPIs

## **XI. TAX IMPLICATIONS OF IFSC**

- A. Stock Exchanges Located in IFSC
- B. Products Listed on IFSC Stock Exchange
- C. Who can deal in products listed on IFSC stock exchange?
- D. Intermediaries in IFSC
- E. Difference between a Stock Exchange having National Presence and Stock Exchange in IFSC
- F. Tax Implications

## **XII. TAX PROVISIONS FOR SPECIAL CASES**

- A. Taxation of Bonus Shares
- B. Taxation on Share Split or Consolidation of Shares
- C. Taxation of Buyback of Shares
- D. Taxation of Companies in Liquidation
- E. Taxation of Rights Issues
- F. Taxation in case of Mergers and Acquisitions

- G. Taxation in case of Stock Lending and Borrowing
- H. Taxation in case of Conversion of Preference Shares into Equity Shares
- I. Taxation in case of Conversion of Stock into Capital Asset
- J. Taxation in case of Segregated Portfolios of Mutual Funds
- K. Taxation in case of consolidation of mutual fund scheme or plans

### **XIII. INDIRECT TAXES IN SECURITIES MARKETS**

- A. Introduction about the Goods and Services Tax
- B. GST Implication on Mutual Funds
- C. GST Implication on Mutual Fund Distributor
- D. GST Implication on Broking Business
- E. GST Implication on PMS, Investment Adviser
- F. GST Implications on REITs, InvITs, AIF and any other Market Intermediary

Annexure A: Maintenance of Accounts

Annexure B: Due Date for Filing of Income-tax Return

Annexure C: Penalty for non-compliance

Annexure D: Summarized Tax Table – Product-wise

Annexure E: Tax Rates for Assessment Year 2021-22

Annexure F: Deductions under Income-tax Act

Annexure G: Exemptions under Income-tax Act

Annexure H: Tax on transfer of securities

Annexure I: Cost Inflation Index