

MFs to seek Amfi guidance for implementing service tax rule

After the income- tax (I- T) department shifted the onus of paying 14 per cent service tax on asset management companies (AMCs), many are feeling short- changed. While the I- T department has said AMCs are taking a service from distributors for raising money and hence should bear the burden, many fund houses feel it is the investor who is taking distributors' service to invest and should pay the tax.

“Since the investor has the option of using direct plans but is using distributor's service to invest in mutual funds, they should bear the cost,” said the chief executive officer of a fund house. This topic is expected to be hotly debated in Association of Mutual Funds of India's next meeting this Thursday.

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