

## One-Minute Guide | Filling an infrastructure bond form

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### Lisa Pallavi Barbora

If you look around billboards in the city or open any newspaper, advertisements for tax-saving bonds will stare back at you. Currently, there are six such issues open from different companies offering an interest rate in the range of 8.7-9.15%. These bonds provide a tax deduction on an investment of up to Rs. 20,000 under section 80CCF of the Income-tax Act. Through this, an investor in the highest tax bracket of 30.9% will save up to Rs. 6,180. So it isn't surprising that investors are interested in exploring this product.

However, to invest in any product one has to go through some paperwork or online form filling. There are some key aspects you should keep in mind while filling a form to minimize inconvenience at the time of redemption or maturity.

### Second holder or nominee detail

In your hurry to fill the form, don't forget this very important detail. In one application, you can give details of up to three holders. Joint holders are equal owners of the bond. In case the first holder is no more, the bond is then held jointly by the second and third holder. Instead of having a second applicant you may choose to have a nominee. In practice, it is better to have a second applicant as the nominee can't operate the account, which the joint holder can do. Moreover, in the event of death of the first holder, the process of transfer to the second or joint holder is simpler compared with the nominee showing themselves as heir.

Whatever you choose, ensure that you have either a nominee or second applicant detail filled in. If something were to happen to the first applicant, there could be confusion on who will have access to the bonds if there is no detail filled in.

### Holding in dematerialized and physical form

While holding securities in demat form is a widely used format, there are few who still prefer to hold securities in physical form. You need to clearly check the option, accordingly.

The one disadvantage in holding these bonds only in the physical form is that you will not be able to trade in the secondary market once they are listed (trading can happen only after the end of the lock-in period). Secondary market trades, though few, give the investor an option to exit before maturity.



**Buy-back option**

Most of these bonds come with a buy-back option, wherein the company offers to buy back your bonds at a date before maturity. Opting for buy-back depends on whether you expect interest rates to increase or decrease in that period. In a rising rate scenario, you can opt for a buy-back and reinvest in a higher rate product. This choice to opt for a buy-back has to be made at the time of filling the application. The yield on these bonds is maximized if you choose the cumulative return and the earliest buy-back option.