

# COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND

In accordance with the provisions of the Income-tax Act, 1961 ("IT Act"), as amended from time to time, read with the provisions of the Finance Act, 2020, with effect from April 1, 2020, dividend declared by the Company is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") on dividend at the applicable rates.

Please take note of the below TDS provisions and information/document requirements for each member:

## A. RESIDENT MEMBERS:

- A.1 No tax shall be deducted on payment of dividend to the resident individual members, if the total dividend for a financial year does not exceed Rs. 5,000 (Rupee Five Thousand), subject to availability of PAN of member.
- A.2 Tax shall be deducted from Dividend paid to resident members (other than category prescribed under A.1 above) as per the details provided below:

Particulars	Applicable rate of Tax	Declaration/ documents required
Where valid PAN is updated with the Depository Participant ( <i>in case shares are held in dematerialized form</i> ) or with Company's Registrar and Transfer Agent ("RTA") i.e. Link Intime India Private Limited ( <i>in case shares are held in physical form</i> ) and no exemption is sought by the resident member	10%	N.A.
No PAN/ Invalid PAN with the Depository Participant/ RTA or where member has not filed his Income Tax return for last two years and TDS in his personal case was exceeding Rs. 50,000 in each those years, pursuant to section 206AB of Income Tax Act and no exemption sought by member	20%	N.A.
Where lower/ nil tax deduction certificate is issued by Income Tax Department under section 197 of the Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	<ul style="list-style-type: none"> <li>Copy of PAN card</li> <li>Copy of lower tax withholding certificate obtained from Income Tax Department</li> </ul>

- A.3 No tax shall be deducted on Dividend to resident members if the members submit documents mentioned in the below table with the RTA:

Particulars	Declaration/ documents required
Member (other than a Company or a Firm) furnishing Form 15G/ 15H	<ul style="list-style-type: none"> <li>Copy of PAN card</li> <li>Form 15G (applicable to any individual/ person other than a Company or a Firm claiming certain incomes without deduction of tax) OR Form 15H (applicable to individual who is of the age of sixty years or more and claiming certain incomes without deduction of tax), provided that all the required eligibility conditions are met. Format of Form 15G and 15H are given in the link below</li> </ul>
Submitting Certificate under Section 197 of the Income Tax Act, 1961 (Act)	<ul style="list-style-type: none"> <li>Copy of PAN card</li> <li>Self-declaration along with NIL withholding tax certificate obtained from tax authority</li> </ul>
Members (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable	<ul style="list-style-type: none"> <li>Copy of PAN card</li> <li>Self-declaration along with adequate documentary evidence to the effect that no tax withholding is required pursuant to the provisions of Section 194 of the Act</li> </ul>
Category I and II Alternative Investment Fund (AIF)	<ul style="list-style-type: none"> <li>Copy of PAN card</li> <li>Self-declaration that the AIF is registered with SEBI as per SEBI Regulations along with copy of registration certificate along with the confirmation that their income is exempted from Tax</li> </ul>
Persons covered under Section 196 of the Act (e.g. Mutual Funds, Govt.)	<ul style="list-style-type: none"> <li>Copy of PAN card</li> <li>Self-declaration along with documentary evidence that the person is covered under said Section 196 of the Act</li> </ul>

**NOTICE**

**B. NON-RESIDENT MEMBERS:**

As per Section 90 of the Income Tax Act, the non-resident member has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the member, if they are more beneficial to them. Please refer to the below table for the details of documents to avail Tax Treaty benefits:

Particulars	Applicable rate	Declaration/ documents required
Non-resident Members (including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% plus applicable surcharge and cess <b>OR</b> Tax Treaty Rate (whichever is lower)	If the member wants to avail the tax rates as per the tax treaty, following documents would be required: <ul style="list-style-type: none"> <li>• Self-attested copy of the Permanent Account Number (PAN) allotted by the Indian Income Tax authorities</li> <li>• Self-attested copy of Tax Residency Certificate (TRC) issued by the competent authority of the country of member’s residency, evidencing and certifying the tax residency status of the member in the country of residency during the Financial Year 2022-23</li> <li>• Completed and duly signed Form 10F in the format given in the link</li> <li>• Self-declaration in the format given in the link below, certifying that –                             <ol style="list-style-type: none"> <li>i. You will continue to remain a tax resident of the country of your residency during the Financial Year 2022-23;</li> <li>ii. You are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;</li> <li>iii. You have no reason to believe that your claim for the benefits of the DTAA is impaired in any manner;</li> <li>iv. You are the beneficial owner of your shareholding in the Company and dividend receivable from the Company; and</li> <li>v. You do not have a taxable presence or a permanent establishment in India during the Financial Year 2022-23</li> </ol> </li> </ul>
Submitting Certificate under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority

Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company/RTA, of the documents submitted by Non-Resident members.

**For all members who are seeking exemption from tax on dividend:**

The aforementioned forms (duly completed, signed and scanned) along with PAN (unless already registered) shall be submitted on our RTA, Link Intime India Private Limited website at <https://www.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or email to [emltaxexemption@linkintime.co.in](mailto:emltaxexemption@linkintime.co.in) on or before August 17, 2022, in order to enable the Company to determine and deduct appropriate TDS / withholding tax, as may be applicable.

It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents or for any other reason, there would still be an option available with the member to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such tax deduction.

All communications/ queries in this respect should be addressed and sent to our RTA, Link Intime India Private Limited at its email address at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

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This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.