

Tax Deduction on Dividend

As per Finance Act, 2020, with effect from 1st April 2020, Dividend Distribution Tax is abolished and dividend income is taxable in the hands of the shareholders. Companies are required to withhold tax at source from dividends paid to shareholders at prescribed rates (plus applicable surcharge and education cess), as may be notified from time to time. The Company shall accordingly deduct the Income tax from the dividend, once declared, that will be paid to the shareholders in the Financial Year 2024-25.

Resident Shareholders:

- I In accordance with Section 194 of the Income tax Act, 1961 (Act), tax shall be deducted at source from the dividend amount at rate of 10% where shareholders have registered their valid Permanent Account Number (PAN) and at the rate of 20% for cases where the shareholders do not have PAN / has provided an invalid PAN to the depository/ Registrar and Share Transfer Agent (RTA)/ if shares are held in Physical Form or has not linked PAN to Aadhaar number.
- II. No tax shall be deducted on the dividend payable to shareholder in following cases:
 1. Resident Individual Shareholders
 - i. If the total dividend to be received by them during Financial Year 2024-25 does not exceed Rs. 5,000.
 - ii. Where the dividend exceeds Rs. 5,000 for the Financial Year 2024-25 and the shareholder provides declaration in Form 15G/ Form 15H, (as may be applicable) duly signed along with the self-attested copy of the PAN card, provided that all the required eligibility conditions are met.
 2. Resident Non-Individual Shareholders

If Shareholder is Resident Company / Firm / HUF / AOP / Trust, based on the Permanent Account Number (PAN), the dividend receivable would not be taxable under the Income Tax Act, 1961 as follows:-

 - i. Insurance Company - Self-declaration that it has full beneficial interest in respect of shares owned by them along with self-attested copy of PAN card.
 - ii. Mutual Funds - Self-declaration that they are specified in section 10(23D) of the Act along with self-attested copy of PAN card and registration certificate.

- iii. Alternative Investment Fund (AIF) established/ incorporated in India - Self-declaration that its income is exempt under Section 10(23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with self-attested copy of the PAN card and registration certificate.
- iv. Other non-individual shareholders who are not subjected to withholding tax under section 196 of the Act - Self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN card.

- III. In case where the shareholders provide certificate under Section 197 of the Act for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered.

Non-resident Shareholders

- I. In accordance with the provisions of Section 195 of the Act the withholding tax shall be at the rate of 20% (plus applicable surcharge and education cess) on the amount of dividend payable to them. In case, certificate issued under section 195/197 of the Income Tax Act, 1961 is given by non-resident shareholders for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered.
- II. Further, as per Section 90 of the Income Tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (tax treaty) between India and the country of tax residence of the shareholder read with provisions laid down in Multilateral Instrument, wherever applicable. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:
 1. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. If PAN is not allotted, please provide your email address, contact number, tax identification number allotted in the country of residence and address in country of residence.
 2. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident with respect to dividend income applicable for the period April 2024 - March 2025.

3. Self-declaration in Form 10F.
4. Self-declaration of having no taxable presence, fixed base or permanent establishment in India in accordance with the applicable Tax Treaty and Beneficial ownership by the non-resident shareholder.

Kindly note that, the company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax as per tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the company of the documents submitted by the non-resident shareholder.

III. In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and education cess in accordance with provisions of Section 196D of the Income Tax Act, 1961.

Accordingly, in order to enable the Company to determine the appropriate Tax Deducted at Source (TDS) / withholding tax rate applicable, we request you to provide these details and documents as mentioned above before July 23, 2024 to update our records from withholding tax perspective.

The dividend declared if any, will be paid after deducting the tax at source as under:

- 10% in case valid PAN is provided / available.
- 20% in case No PAN/ Invalid PAN, including non-linking to Aadhaar number .

B. For Non-Resident Shareholders

- Beneficial rate based on tax treaty between country of residence and India, as applicable will be applied on the basis of documents submitted.
- Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under section 195/197 of the Income Tax Act, 1961.
- 20% plus applicable surcharge and education cess in all other cases (including FII/ FPI)

C. For shareholders holding multiple accounts under different status / category

- Highest rate of tax based on status in which shares are held will be applied on their entire holding in different accounts

D. For shareholders with PAN status not matching with demat account Status/Category

- TDS will be deducted at the rate applicable to the status as per demat a/c or status as per PAN whichever is higher.

E For shareholders with valid PAN but not have filed Income Tax returns

- TDS will be deducted at the applicable higher rate.

Kindly note that the aforementioned documents/details are required to be submitted by clicking this link: <https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before July 23, 2024 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination/deduction shall be entertained post this date for the purpose of dividend Payment.

It may be further noted that in case the tax on the Dividend, declared if any, is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, shareholder shall have an option to file the return of income and claim an appropriate refund, if eligible. If PAN is not registered with the Company/DP shareholder may not be able to claim the Refund.

No claim shall lie against the Company for such taxes deducted.

Benefit under Rule 37BA:

In case where shares are held by intermediaries/ stockbrokers and TDS is to be applied by the Company in the PAN of the beneficial shareholders, then intermediaries/ stockbrokers will have to provide the details of such beneficial shareholders along with self-declaration that the shareholders are the beneficial owners and hence the TDS to be credited to beneficiary PAN. All these request shall be submitted to company on or before July 23, 2024. No request after this date from any intermediaries / stock brokers will be accepted and processed.

A. For Resident Shareholders:

- Nil in case Form 15G or Form 15H (as applicable) / declarations / supporting documents (as specified above) along with self-attested copy of the PAN card is submitted.
- Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Income Tax Act, 1961.