

## Tax on Dividend

In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, with effect from April 1, 2020, dividend declared and paid by the Company is taxable in the hands of shareholders and the Company is required to deduct tax at source (TDS) from dividend paid to the shareholders at the applicable rates. However, no withholding of tax is applicable if the dividend payable to resident individual shareholders having valid PAN is less than Rs. 5,000 p.a.

The Company has sent out communications to shareholders and has released a notification in the newspaper in this regard, requesting them to submit relevant documents so as to determine the appropriate rate of tax deduction, which is as follows:

### For Resident Shareholders:

1. Where, the Permanent Account Number (PAN) is available and is valid,
  - a. Tax shall be deducted at source in accordance with the provisions of the Income tax Act, 1961 at 7.5% (*subject to change*) on the amount of dividend payable.
  - b. No tax shall be deducted in the case of a resident individual shareholder, if:
    - i. the amount of such dividend in aggregate paid or likely to be paid during the financial year does not exceed **INR 5,000**; OR
    - ii. the shareholder provides duly signed Form 15G or Form 15H (as applicable) provided that all the prescribed eligibility conditions are met. The format of Form 15G and Form 15H are available in Link intime website.
2. Where the PAN is either not available or is invalid, tax shall be deducted at the prescribed rate or 20% (*subject to change*), whichever is higher.
3. If a shareholder provides a lower withholding tax deduction order / certificate to the company in accordance with the provision of the Income tax Act, within the timelines provided in this communication, the lower tax rate will be applied for the purpose of withholding tax on dividend paid by the Company.

### For Non-Resident Shareholders:

1. Tax is required to be deducted in accordance with the provisions of the Income tax Act, 1961 at applicable rates in force. As per relevant provisions, tax shall deducted be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable.
2. As per the provisions of the Income tax Act, 1961, the non-resident shareholder may have an option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to them. To avail the DTAA benefits, the non-resident shareholder shall furnish the following documents by no later than **25 June 2020** to the Registrars and Transfer Agents (RTA) of the Company:

- a. Self-attested copy of Permanent Account Number (PAN), if allotted by the Indian Income Tax Authorities;
  - b. Self-attested Tax Residency Certificate (TRC) issued by the tax authorities of the country of which shareholder is a resident, evidencing and certifying shareholder's tax residency status during the Financial Year 2020-21;
  - c. Completed and duly signed Self-Declaration in Form 10F is available in Linkintime website
  - d. Self-declaration in the prescribed format which is available in Linkintime website , certifying on the following points :
    - i. Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2020-21;
    - ii. Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
    - iii. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
    - iv. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
    - v. Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2020-21.
3. The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.
  4. Notwithstanding Paragraph 2 above, tax shall be deducted at source @20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors ("FII") and Foreign Portfolio Investors ("FPI"). Such TDS rate shall not be reduced on account of the application of the Lower DTAA rate or lower tax deduction order, if any.
  5. If a shareholder provides a lower withholding tax deduction order / certificate to the company in accordance with the provision of the Income tax Act, within the timelines provided in this communication, the lower tax rate will be applied for the purpose of withholding tax on dividend paid by the Company.

**For all Shareholders:**

The aforementioned forms for tax exemption can be downloaded from Link Intime's website. The url for the same is as under:

<https://www.linkintime.co.in/client-downloads.html> -

On this page select the General tab. All the forms are available in under the head "Form 15G/15H/10F"

The aforementioned documents (duly completed and signed) are required to be uploaded on the url mentioned below

<https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>

On this page the user shall be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

Please note that the upload of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done on or before **25 June 2020** in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after **25 June 2020**. The soft copy of TDS certificate will be emailed to you at your registered email ID post completion of activities.

Shareholders may note that in case the tax on said interim dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.

All communications/ queries in this respect should be addressed to our RTA, Link Intime India Private Limited