

# **IMPORTANT COMMUNICATION TO SHAREHOLDERS ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND**

Pursuant to the provisions of the Income-tax Act, 1961, as amended from time to time, dividend income is taxable in the hands of shareholders and the Company is required to deduct Tax Deducted at Source (“TDS”) at the prescribed rates while making payment of dividend to its shareholders.

Accordingly, TDS will be deducted from the dividend payable to shareholders at the applicable rates, depending upon the residential status of the shareholder and subject to the fulfillment of conditions prescribed under the Income-tax Act, 1961.

## **1. Resident Shareholders**

TDS will be deducted at the rate prescribed under Section 194 of the Income-tax Act, 1961 on dividend paid to resident shareholders, subject to the provisions of the Act and availability of valid Permanent Account Number (PAN).

No TDS shall be deducted where the aggregate dividend paid or payable to a resident shareholder during the financial year does not exceed the threshold limit prescribed under the Income-tax Act, 1961.

In cases where a valid PAN is not available or is not linked/operative as required under the applicable provisions of the Income-tax Act, TDS shall be deducted at a higher rate as prescribed under the Act.

Eligible resident individual shareholders may submit:

- Form 15G (for individuals, other than companies and firms); or
- Form 15H (for senior citizens),

for non-deduction of tax, subject to fulfillment of the conditions specified under the Income-tax Act, 1961.

Resident shareholders eligible for a lower or nil rate of TDS may submit a valid certificate issued under Section 197 of the Income-tax Act, 1961.

## **2. Non-Resident Shareholders**

Dividend payable to non-resident shareholders, including Foreign Portfolio Investors (FPIs), shall be subject to TDS at the rates prescribed under the Income-tax Act, 1961 or the applicable Double Taxation Avoidance Agreement (DTAA), whichever is more beneficial, subject to the submission of the required documents and satisfaction of the prescribed conditions.

To avail the benefit of a lower tax rate under an applicable DTAA, non-resident shareholders may be required to submit the following documents:

- Self-attested copy of PAN;
- Tax Residency Certificate (TRC) issued by the tax authorities of the country of residence;
- Form 10F, if applicable;
- Self-declaration regarding beneficial ownership of shares and eligibility to claim treaty benefits;
- Self-declaration confirming that the shareholder does not have a Permanent Establishment (PE) in India, where applicable; and
- Such other documents as may be required under the provisions of the Income-tax Act, 1961.

### **3. Submission of Tax Documents**

Shareholders are requested to submit the requisite tax-related documents, declarations and certificates within the prescribed timelines communicated by the Company, in order to enable the Company to determine and deduct TDS at the appropriate rate.

In the absence of complete and valid documents, the Company shall deduct tax at source at the rate applicable under the provisions of the Income-tax Act, 1961.

### **4. Updating of Shareholder Information**

Shareholders are requested to ensure that their PAN, residential status, e-mail address, bank account details and other relevant information are duly updated:

- With their respective Depository Participant (DP), in respect of shares held in dematerialized form; or
- With the Company's Registrar and Share Transfer Agent (RTA), in respect of shares held in physical form.

### **5. Disclaimer**

The information provided herein is for general guidance of shareholders and is based on the provisions of the Income-tax Act, 1961 as applicable on the date of this communication. The Company does not assume any responsibility for advising shareholders on their individual tax matters. Shareholders are advised to consult their own tax advisors regarding the specific tax implications arising from receipt of dividend.

The Company reserves the right to deduct tax at source in accordance with the provisions of the Income-tax Act, 1961 and the information/documents made available by the shareholders.