TAXATION OF DIVIDEND DISTRIBUTION

RESIDENT SHAREHOLDERS

1. I am a resident individual shareholder. Will my dividend be subject to TDS?

- Effective April 1, 2020, the dividend income is taxable in the hands of shareholders. Accordingly, if any resident individual shareholder is in receipt of Dividend exceeding Rs. 5,000 in a fiscal year, entire dividend will be subject to TDS @ 10% provided you have updated your Permanent Account Number (PAN) with the depository, otherwise the TDS rate will be 20%. In case the dividend is not exceeding Rs 5,000 in a fiscal year to resident individual shareholder then no tax will be deducted from the dividend. In case the aggregate of dividend paid during Financial year [interim dividend, final dividend or by any other name called] exceeds Rs. 5,000 for an individual shareholder, TDS will be calculated on the aggregate amount and deducted from the next sequential dividend paid during the financial year.

2. I am resident shareholder but not an individual. Will the dividend be subject to TDS?

- Yes, the entire dividend will be subject to TDS for non-individual resident shareholders without any threshold limit. The tax deduction rate will be 10% provided the PAN is updated with the company or the depository, otherwise the TDS rate will be 20%.

3. Is the above rate of 10% or 20% as the case be increased by surcharge and cess?

- In case of resident shareholders, the rate of TDS would not be increased by surcharge and cess.

4. I am a resident individual and my dividend receipt is subject to TDS but tax on my estimated total income of the previous year after including this dividend income on which tax is to be deducted will be nil. Can the I request the company not to deduct tax at source and to pay the amount without deduction of tax at source?

- Yes, you can approach to the company at secretarial@stfc.in /RTA at csdstd@integratedindia.in for non-deduction of tax at source. You will have to furnish a declaration in Form No. 15G/15Hin the link https://www.integratedindia.in/ExemptionFormSubmission.aspx, as the case may be, to the effect that the tax on his estimated total income of the previous year after including the income on which tax is to be deducted will be nil.

5. From where can I download the Form 15G / 15H and submit the same for non-deduction of tax?

- **Please download form 15/15H here:**
  - 15G
  - 15H

Please **submit** the duly completed and signed form to RTA at csdstd@integratedindia.in for non-deduction of tax at source. You will have to furnish a declaration in Form No. 15G/15H in the link https://www.integratedindia.in/ExemptionFormSubmission.aspx

6. Where does the shareholder need to update the PAN?

- In case the shares are held in Demat form then the PAN needs to be updated with your Depository Participant, and in case shares held in Physical form with Integrated Registry Management Services Private Limited at csdstd@integratedindia.in. If the same is already updated, no separate updation is required now.

7. How can a shareholder know the quantum of tax deducted from his dividend income by the company?

- To know the quantum of the tax deducted by the payer, the company will provide a TDS certificate in respect of the tax deducted. Shareholders can also check Form 26AS from their e-filing accounts at https://incometaxindiaefiling.gov.in

You can also use the "View Your Tax Credit" facility available at www.incometaxindia.gov.in. Please note the credit in form 26AS shall be reflected after TDS statement filed by company on a quarterly basis is processed by tax authority.

NON-RESIDENT SHAREHOLDERS

1. What is the rate of withholding tax on dividend declared and paid to non-resident shareholders? Is there any limit upto which no tax will be withheld?

- For non-resident shareholders, the rate of withholding tax is 20% (plus applicable surcharge and cess) as per Indian Income- tax Act, 1961. However, where non-resident shareholder is eligible to claim the tax treaty benefit and the tax rate provided in respective tax treaty is beneficial than rate as per tax treaty would be applied. In order to avail tax treaty benefits, non-resident shareholders would be required to submit certain documents. Please note that there is no threshold provided for which no tax will be withheld. Entire dividend is subject to withholding of tax.

2. Is the above rate of 20% increased by surcharge and cess?

- Yes, in case of non-resident shareholders the rate of 20% would be increased by applicable Surcharge and Cess based on the status of the non-resident.

3. What is the applicable rate of surcharge for non-resident shareholders (including FIIs/FPIs)?

- The rate of surcharge depends upon the status of the non-resident and its income.

For Non-resident Individuals the rate of surcharge is as under:

Income Slab	**Rate of Surcharge**
more than INR 50 Lacs but not exceeding INR 1 Crore	10%
above INR 1 Crore	15%

For Non-resident other than Individuals the rate of surcharge is as under:

Income Slab	**Rate of Surcharge**
more than INR 1 Crore but not exceeding INR 10 Crores	2%
above INR 10 Crores	5%

4. Who are eligible for a relief of concessional rate of withholding tax as per the Tax Treaty entered by India with other countries? If eligible, what are the documents required for availing such relief?

- Non-resident shareholders (including FIIs/FPIs) who are tax residents of countries which have signed Double Taxation Avoidance Agreement with India are eligible for a relief of concessional rate of TDS as per the Tax Treaty (if any).

Following documents are required for availing the concessional rate of withholding tax:

- Tax Residency Certificate for the year in which dividend is received (to be issued by Revenue / Tax authorities of home country)
- Form 10F as per the format specified under Income Tax Act, 1961
- Self Declaration for the year in which dividend is received. Principally, following should be covered in the self declaration
  - ➢ Non-resident is eligible to claim the benefit of respective tax treaty
  - ➢ Non-resident receiving the dividend income is beneficial owner of such income
  - ➢ Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.

- Declaration confirming entitlement to Treaty benefit for MLI affected Treaties.

Specimen of Form 10F and self-declaration are attached below:

- Form 10F
- No PE and Beneficial Ownership Declaration –

5. When the documents required for claiming concessional rate benefit under the Treaty are required to be submitted?

- ▪ A non-resident willing to claim concessional rate benefit under the Treaty should submit the documents at the starting of every year or before the record date of declaring dividend with the company.

6. How can a shareholder know the quantum of tax deducted from his dividend income by the company?

- ▪ To know the quantum of the tax deducted by the payer, the company will provide a TDS certificate in respect of the tax deducted. Shareholders can also check Form 26AS from their e-filing accounts at https://incometaxindiaefiling.gov.in

You can also use the "View Your Tax Credit" facility available at www.incometaxindia.gov.in Please note the credit in form 26AS shall be reflected after the company files TDS statement on a quarterly basis.