

Tax treatment on Dividend:

In terms of the provisions of the Income-tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend.

For resident shareholders:

Tax will be deducted at source ("TDS") under Section 194 of the Act @ 10% on the amount of dividend payable unless exempted under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during the Financial Year does not exceed Rs.5,000.

Tax at source will not be deducted in cases where a shareholder provides signed Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met.

Needless to mention, the Permanent Account Number ("PAN") will be mandatorily required.

If PAN is not submitted, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961. Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

In order to provide exemption from withholding of tax, the following organizations must provide a signed self-declaration as listed below:

- **Insurance companies:** A declaration that they are beneficial owners of shares held;
- **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested by the competent authority);
- **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempted under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents (self-attested) should be provided.
- **New Pension System Trust:** A declaration that they are governed by the provisions of section 10(44) [subsection 1E to section 197A] of the Act along with copy of registration documents (self-attested);
- **Corporation established by or under a Central Act** which is, under any law for the time being in force, exempt from income- tax on its income - Documentary evidence that the person is covered under section 196 of the Act.

For non-resident shareholders:

Tax is required to be withheld in accordance with the provisions of Section 195 of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-

resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

- Self-attested copy of PAN card, if any, allotted by the Indian Income Tax Authorities;
- Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;
- Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- Self-declaration by the non-resident shareholder as to:
 - Eligibility to claim tax treaty benefits based on the tax residential status of the shareholder, including having regard to the Principal Purpose Test (if any), introduced in the applicable tax treaty with India;
 - No Permanent Establishment / fixed base in India in accordance with the applicable tax treaty;
 - Shareholder being the beneficial owner of the dividend income to be received on the equity shares of the Company.

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 shareholders.

Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Act. Such TDS rate shall not be reduced on account of the application of the lower DTAA rate, if any.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than the record date of the dividend.

To summaries the abovementioned details, dividend will be paid after deducting the tax at source as under:

- NIL for resident shareholders receiving dividend upto Rs. 5000/- or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- 10% for resident shareholders in case copy of PAN card is provided/available.
- 20% for resident shareholders if copy of PAN card is not provided / not available.
- Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.
- Tax will be assessed on the basis of signed documents submitted by the non-resident shareholders.
- 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted.
- Lower / NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Act.

SUBMISSION OF TAX RELATED DOCUMENTS:

Shareholders are requested to submit signed documents mentioned above to the RTA team of the Company on below email ID:

Resident shareholders to send to	:	beetalrta@gmail.com
Non-Resident shareholders to send to	:	

No communication on the tax determination / deduction shall be entertained after record date.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return by consulting your tax advisor. No claim shall lie against the Company for such taxes deducted. Shareholders will be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.

Disclaimer: This Communication shall not be treated as an advice from the Company. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

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