

TDS on Dividend

TDS Dividend Members may note that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by the Company after 1st April 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to shareholders, subject to approval of shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company.

- a) All Shareholders are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account(s) maintained with the Depository participant(s); or in case of shares held in physical form, with the Company:

Please note that the following details, in case you had already registered with the Company, as available with the Company in the Register of Members/Register of Beneficial Ownership maintained by the Depositories will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

- Valid Permanent Account Number (PAN).
- Residential status as per the Income Tax Act, 1961 i.e. Resident or Non-Resident for FY 2020-21.
- Category of the Shareholder viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, AIF Category III, Government (Central/State Government), Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company, FPI/FII: Others (being Individual, Firm, Trust, Artificial Juridical Person, etc.), Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, Foreign Company, etc.
- Email Address
- Residential Address

- b) For Resident Shareholders, TDS is required to be deducted at the rate of 7.5% under Section 194 of the Income Tax Act, 1961 on the amount of dividend declared and paid by the Company in the financial year 2020-21 provided valid PAN is registered by the Shareholder. If the valid PAN is not registered, the TDS is required to be deducted at the rate of 20% under Section 206AA of the Income Tax Act, 1961. However, no tax shall be deducted on the dividends paid to resident individuals if aggregate dividend distributed or likely to be distributed during the financial year does not exceed Rs 5000. Normal dividend(s) declared in the preceding financial year 2019-20 would be considered as the basis to determine applicability of the said threshold for the entire financial year. In the cases where the shareholder provides valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.

Supporting documents required to be furnished by the different categories of shareholders are given in the Table below:

| S.N o. | Particulars | Documents required, if any |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Individuals with no tax liability and fulfilling conditions to submit Form 15G/15H | Declaration in Form 15G/15H as applicable |
| 2 | Mutual Funds (Section 196(iv)) | Self-attested copy of valid SEBI Registration Certificate. Nil TDS, subject to fulfilling the conditions prescribed under the IT Act |
| 3 | Insurance Companies (Section 194) | Self-attested copy of valid IRDA Registration Certificate. |
| 4 | Central/State Govts./RBI/Corporations established under a Central Act, whose income is exempt for the time being in force (Section 196) | Documentary evidence for coverage under Sec.196 |

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|---|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | Category I and II Alternative Investment Fund (Sec.197A) | Self-attested copy of valid SEBI Registration Certificate. |
| 6 | Approved Superannuation Fund (Circular No.18/2017 dt.29 May 2017) | Self-attested copy of valid approval by IT Dept. under Rule 2 – Part B of Fourth Schedule to IT Act. |
| 7 | Recognized Provident Fund(Circular No.18/2017 dt.29 May 2017) | a. Self-attested copy of valid order from Commissioner under Rule 3 – Part A of Fourth Schedule to IT Act b. Self-attested copy of valid documentary evidence in support of the Fund being established under a scheme framed under EPF Act |
| 8 | Approved Gratuity Fund (Circular No.18/2017 dt.29 May 2017) | Self-attested copy of valid approval from Commissioner under Rule 2 – Part C of Fourth Schedule to IT Act |
| 9 | National Pension Scheme | No TDS u/s 197A (iE) |

- c) For Non-resident shareholders, the TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) under Section 195 of the Income Tax Act, 1961. 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 Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

- Self-attested copy of the PAN allotted by the Indian Income Tax authorities;
- Self-attested copy of valid Tax Residency Certificate obtained from the tax authorities of the country of which the shareholder is a resident;
- Self-declaration in Form 10F; and
- Self-declaration in the attached format

Supporting documents required to be furnished by the different categories of shareholders are given in the Table below:

| S.No. | Particulars | Documents required, if any |
|-------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) | Self-attested copy of valid FPI/FII Registration Certificate |
| 2 | Indian Branch of a foreign bank | Valid Certificate for No deduction of Tax u/s 195(3) Issued by Income Tax authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign bank |

- d) TDS is deductible at the rate mentioned in the valid lower/Nil rate deduction certificate issued by the Income Tax Department under section 197 of the Income Tax Act, 1961, if such a valid certificate is provided.
- e) Accordingly, in order to enable us to determine the appropriate TDS/withholding tax rate applicable, we request you to provide these details and documents as mentioned above by email to rta@alankit.com, abhinavka@alankit.com and investors@bdl-india.in.

- f) It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.
- g) We shall arrange to email the soft copy of TDS certificate at your registered email ID in due course, post payment of the dividend.
- h) Application of TDS rate is subject to due diligence and verification by the Company, of the shareholders' details as available in the register of Members on the Book Closure date, documents, information available in the public domain, etc. In case of ambiguous, incomplete or conflicting information, or if valid documents are not provided, the Company will arrange to deduct tax at the maximum applicable rate.
- i) In the event of any income tax demand, (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Member(s), such Member(s) will be responsible to indemnify the Company, besides providing all requisite information/documents and to co-operate in any assessment/appellate Proceedings.
- j) The information communicated above with regard to TDS is only meant for providing information to the Members and does not purport to be complete or comprehensive guidance on compliance of tax laws. Shareholders are responsible to consult with their tax consultants/advisors with regard to tax provisions applicable to their individual facts and circumstances and compliance of tax laws.
