

Communication on Tax Deduction on Dividend for FY 2022

Pursuant to the amendments introduced by the Finance Act, 2020, dividends 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 withhold taxes at the prescribed rates on the dividend paid to its shareholders w.e.f. 1st April 2020. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed Rs. 5,000/-

The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company.

A. RESIDENT SHAREHOLDERS:

A.1 Tax Deductible at Source for Resident Shareholders:

S. No	Particulars	Withholding Tax Rate	Documents required (if any)
1.	Valid PAN updated in the Company's Register of Members	7.5%	No document required (if no exemption is sought)
2.	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3.	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

A.2 No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no.4 of the below table with the Company/ Venture Capital and Corporate Investments Private Limited

S. No (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an

			Individual who is 60 years and above), fulfilling certain conditions.
2.	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable.
3.	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4.	Category I and II Alternative Investment Fund	NIL	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961
5.	<input type="checkbox"/> Recognised provident funds <input type="checkbox"/> Approved superannuation fund <input type="checkbox"/> Approved gratuity fund	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6.	National Pension Scheme	NIL	No TDS as per section 197A (1E) of Income Tax Act, 1961

B. NON-RESIDENT SHAREHOLDERS:

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in column no.4 of the below table with the Company / Venture Capital and Corporate Investments Private Limited:

S. No (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Foreign Institutional Investors (FIIs) /	20% (plus applicable surcharge and cess)	FPI registration number / certificate.

	Foreign Portfolio Investors (FPIs)		
2.	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	<p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ol style="list-style-type: none"> 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. PAN 3. Form 10F filled & duly signed 4. Self-declaration for non-existence of permanent establishment/ fixed base in India <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)</p>
3.	Indian Branch of a Foreign Bank	NIL	<p>Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority</p> <p>Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank</p>
4.	Availability of Lower/NIL tax deduction certificate	Rate specified in certificate	Lower tax deduction certificate obtained

	issued by Income Tax Department u/s 197 of Income Tax Act, 1961		from Income Tax Authority
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Notes:

The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / Venture Capital and Corporate Investments Private Limited post payment of the dividend. Shareholders will also be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).