

**DETAILS FOR DEDUCTION OF TAX ON DIVIDEND AND SUBMISSION OF DOCUMENTS FOR FINAL DIVIDEND FY2022-23**

Pursuant to the amendments introduced by the Finance Act, 2020, the dividend income will be taxable in the hands of the shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. However, no tax will be deducted on payment of dividend to the resident individual shareholders, if the total dividend paid does not exceed ₹ 5,000/-. The rate of tax deducted at source will vary depending on the residential status of the shareholder and documents registered with the Company.

**a) RESIDENT SHAREHOLDERS**

## i) Tax Deductible at Source for resident shareholders

Sr. No.	Particulars	Rate of Deduction of Tax at Source	Documents Required (if any)
1.	Valid PAN updated in the Company's Register of Members	10%	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 of Income Tax Act, 1961	Rate specified in the Certificate	Lower/nil tax deduction certificate obtained from Income Tax Authority

## ii) No Tax Deductible at Source on dividend payment to resident shareholders if the shareholders submit and register following documents mentioned in column no. 4 of the below table with the Company/ Company's RTA – Link Intime India Private Limited.

Sr. No.	Particulars	Rate of Deduction of Tax at Source	Documents Required (if any)
1.	Submission of Form No. 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm)/ Form No.15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions. Please download Form No. 15G/ 15H from the Income Tax website <a href="http://www.incometaxindia.gov.in">www.incometaxindia.gov.in</a>
2.	Securitisation Trust	NIL	Copy of registration/ document evidencing the shareholder being a securitisation trust (as defined in clause (d) of the Explanation below section 115TCA).
3.	Shareholders to whom section 194 of the Income Tax Act, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable.
4.	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds specified u/s 10(23D) of the Income-tax Act, 1961.	NIL	Documentary evidence for coverage u/s 196 of the Income Tax Act, 1961
5.	Category I and II Alternative Investment Fund	NIL	SEBI AIF registration certificate to claim benefit u/s 197A (1F) read with section 10(23FBA) of the Income Tax Act, 1961
6.	<ul style="list-style-type: none"> <li>• Recognised provident funds</li> <li>• Approved superannuation fund</li> <li>• Approved gratuity fund</li> </ul>	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)

7.	National Pension System Trust referred to in section 10(44) of the Income-tax Act, 1961	NIL	No TDS as per section 197A (1E) of the Income Tax Act, 1961
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iii) The Finance Act, 2021 inserted a new section, section 206AB as a special provision providing for higher rates of TDS for non-filers of income tax returns. The said section came into effect from July 1, 2021. The provisions of section 206AB of the Income-tax Act, 1961 ('the Act') as amended from April 1, 2022 provide for higher rates of withholding tax, in case where the recipient /deductee is a 'Specified person' as per the provisions of the Income Tax Act, 1961.

Higher rates of TDS for the purpose of section 206AB of the Act:

The TDS rate for payments made to the specified persons stated above, shall be the higher of the following:

- at twice the rate specified in the relevant provision;
- at twice the rate in force; or
- at the rate of 5%.

In addition to non-filing of income tax return, if the specified person does not provide PAN, then tax shall be deducted at 20% or rates applicable as per the section, whichever is higher.

If the provision of section 206AA of the Act (deduction of tax at higher rate for non-furnishing of PAN by the deductee) is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the Income-tax Act, 1961.

'Specified person' means a person who -

- has not furnished the return of income for the assessment year relevant to the previous year immediately preceding financial year in which tax is required to be deducted, for which time limit to furnish return of income under section 139(1) of the Act has expired; **and**
- the aggregate TDS and TCS in his case is INR 50,000 or more in the said previous year.

Further, DIT (Systems) vide Notification no. 1 of 2022 pursuant to CBDT circular no. 11 of 2021 and circular no. 10 of 2022 notified a functionality "Compliance Check for Sections 206AB & 206CCA" on the reporting portal of the Income-tax Department to facilitate the tax deductor/collector to check if the deductee/collectee is a 'specified person' under Section 206AB.

In view of the above, the Company would check whether shareholder is a 'specified person' under section 206AB and if any shareholder is found as a 'specified person' as defined in Section 206AB then the company shall be liable to deduct tax at source at higher rate in such case.

The Union Budget 2023 has suggested a change in the definition of a "specified person" in the Income Tax Act. The amendment intends to provide relief by excluding individuals who are not obligated to submit their income tax returns for the relevant assessment year and also non-residents with no permanent establishment in India. These individuals will no longer be considered non-filers and won't be subjected to higher tax deductions at source.

The definition of "specified person" has been amended in sections 206AB and 206CCA of the Income Tax Act to exclude the following:

- (i) a non-resident who does not have a permanent establishment in India; or
- (ii) a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.

**b) NON-RESIDENT SHAREHOLDERS**

Tax deducted at source on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following documents with the Company/ Company's RTA - Link Intime India Private Limited

<b>Sr. No.</b>	<b>Particulars</b>	<b>Rate of Deduction of Tax at Source</b>	<b>Documents Required (if any)</b>
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate.
2.	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial	To avail beneficial rate of tax as per applicable tax treaty, following documents would be required: 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. Permanent Account Number (PAN) 3. Form No. 10F duly filled in & signed 4. Self-declaration by the shareholder for non-existence of permanent establishment/ fixed base in India 5. Self-declaration by the shareholder regarding the satisfaction of the place of effective management (POEM), principal purpose test, General Anti Avoidance Rule (GAAR), Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements. (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)
3.	Indian Branch of a Foreign Bank	NIL	Lower/nil tax deduction certificate u/s 195(3) obtained from Income Tax Authority. Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank.
4.	Overseas Trust	20% (plus applicable surcharge and cess)	The overseas trust can also be given the tax treaty rate. However, the same can be litigative and hence, on a conservative basis, withholding on dividends paid to overseas trust should be as per Income-tax Act, 1961 only
5.	Availability of Lower/Nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the Certificate	Lower/Nil tax deduction certificate obtained from Income Tax Authority

- c) Shareholders are requested to download the TDS certificate from the Income Tax Department's website <https://www.incometax.gov.in/iec/foportal/> (refer to Form 26AS).
- d) The aforesaid documents such as Form No. 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower/Nil Tax deduction certificate etc. can be submitted to the Company/ Company's RTA at [sunpharmadivtax@linkintime.co.in](mailto:sunpharmadivtax@linkintime.co.in) or can be uploaded on the link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before July 28, 2023 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/ deduction received post July 28, 2023 shall not be considered.

All queries/ grievances/ issues in this regard shall be attended/ addressed on [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

- e) Application of TDS rate is subject to necessary verification as per details as available in Register of Members as on the Record Date, i.e. July 28, 2023, and other documents available with the Company/ Company's RTA.
- f) In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund from the Income-tax department.
- g) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any assessment / appellate proceedings.
- h) This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.
- i) The tax withholding rates referred above are based on the law prevailing as on the date.
- j) In the event there is ambiguity in law or interpretation or matters concerning tax withholding, the highest applicable tax withholding rate shall be considered on a conservative basis.
- k) The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e., Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms/ declarations/ documents through their respective custodian who is registered on NSDL platform, on or before the aforesaid timelines.