

Frequently Asked Questions ('FAQs') on TDS on Final Dividend

A. Resident Shareholders

1. I am a shareholder. Will my dividend be subjected to TDS? If yes, are there any exceptions?

Rate of TDS on dividend payment to resident individual shareholders:

- As per provisions of Income Tax Act, 1961 (IT Act), tax shall be deducted at source under section 194 of the IT Act at the rate of 10% on the amount of dividend declared and paid by the Company during financial year ('FY') 2025-26 (i.e. period from 1 April 2025 to 31 March 2026).
- However, TDS at the rate of 20% would be applicable as per the section 206AA of the IT Act where PAN is not available / submitted, or PAN submitted is invalid. Further, as per Section 139AA read with Rule 114AAA of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply to this, the PAN allotted shall be made inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 206AA of the IT Act.
- The Company will be using online functionality of the Income-tax department for determining status of PAN of the shareholder and no claim shall lie against the Company for higher deduction of taxes. If you have not linked your PAN with Aadhaar kindly do so, to avoid higher Tax deduction.

Exceptions in case of resident individual shareholders

- No tax shall be deducted at source on the dividend payable to a resident Individual if the total dividend to be received (including dividend already received if any in same FY) from the Company during a FY does not exceed ₹10,000; or
- if an eligible resident shareholder provides a valid declaration in Form 15G/ 15H to the Company subject to condition that PAN is valid and linked with Aadhaar.
- Further, if a shareholder has obtained a lower or nil withholding tax certificate from the tax authorities for FY 2025-26 and provides a copy of the same to the Company (TAN – MUMM29367C), tax shall be deducted on dividend payable to such shareholder at the rate specified in the said certificate.

Exceptions in case of resident non-individual shareholder:

- No tax shall be deducted at source on dividend payable to the following resident non-individual shareholders on submission of certain documents as mentioned below:
 - a) **Insurance Companies (Public & Other Insurance Companies):** Self-attested copy of registration certificate issued by the authorities. Also, a declaration that you are an Insurance company as defined under second proviso to section 194 of the IT Act.

- b) **Mutual Funds:** Declaration stating that Mutual Fund shareholder is eligible for exemption under section 10(23D) of the IT Act along with self-attested copy of registration documents issued by the appropriate authorities.
- c) **Category I / Category II Alternative Investment Fund:** Self- attested copy of certificate of registration/ declaration evidencing that you are a Category I / Category II Alternative Investment Fund, as defined under Section 10(23FBA) and clause (a) of Explanation 1 to Section 115UB of the IT Act [covered by Notification No. 51/2015 dated June 25, 2015].
- d) **National Pension Scheme Trust:** The self- attested copy of registration certificate / declaration that you qualify as NPS Trust for the purpose of section 197A(1E) of the IT Act, and that your income is eligible for exemption under section 10(44) of the IT Act.
- e) **Entities unconditionally exempt under section 10:** Documentary evidence and self-declaration substantiating that you are an entity covered by Circular No. 18 of 2017 issued by the Central Board of Direct Tax and your income is unconditionally exempt under section 10 of the IT Act and that you are not statutorily required to file return of income under Section 139 of the IT Act.
- f) **Government:** Documentary evidence and self-declaration that you are a Corporation set up under specific legislation whose income is exempt and can be considered as a ‘Government’ and qualifies for exemption under section 196 of the IT Act.
- g) **Where lower/ nil withholding certificate is submitted:** If a shareholder has obtained a lower or nil withholding tax certificate from the tax authorities for FY 2025-26 and provides a copy of the same to the Company (TAN – MUMMM29367C), tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.
- h) **Submission of Form 15G:** If an eligible resident shareholder provides a valid declaration in Form 15G to the Company.

2. Is there any limit on the amount of dividend upto which no tax will be withheld in respect of resident shareholders?

- As stated above, no tax shall be deducted at source on the dividend payable to a **resident Individual** if the total dividend to be received (including dividend already received if any in same FY) from the Company during a FY **does not exceed ₹10,000.**
- It may be noted that there is no such limit provided under the IT Act for resident non-individual shareholders and hence the dividend shall be subject to TDS.

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

- In case of resident shareholders, the rate of TDS would not be increased by surcharge and cess. However, in case of non- resident shareholders, rate of TDS would be increased by applicable surcharge and cess (refer Question 10)

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

- Yes, in such a case you can approach the Company for non-deduction of tax at source. You will have to furnish a valid declaration in Form 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an individual age of 60 years or more), as the case may be, to the effect that the tax on his estimated total income of the year after including the dividend income to be received from company will be nil. The link for submission of the said form is <https://ris.kfintech.com/form15>.
- In this regard, it may be noted that all fields mentioned in the said Forms are mandatory and the Company reserves the right to reject the forms submitted, if they do not fulfil the requirement of the law.

5. If PAN is not linked to Aadhaar (resident individual shareholders), in that case will the benefit of Form 15G/ Form 15H will be provided?

- No. If PAN is not linked to Aadhaar then the PAN will become invalid. In such case, Form 15G/ 15H will also become invalid and the benefit of nil TDS rate will not be applicable.

6. If Form 15G/ Form 15H are submitted online, then whether submitting a physical copy is compulsory?

- No. If Form 15G/ 15H are duly executed and submitted online at <https://ris.kfintech.com/form15>, then submission of physical copy is not required.

7. What if I do not submit Form 15G/ Form 15H?

- In case you do not submit Form 15G or Form 15H, the Company would deduct tax at applicable rates as per IT Act. However, you may file your return of income and claim appropriate refund, if eligible.

8. What is the due date to submit the documents/ declarations mentioned above?

- The documents/ declarations mentioned above are required to be submitted to the Registrar and Transfer Agent ('RTA') on or before **25th July 2025** at <https://ris.kfintech.com/form15>.

B. Non-resident Shareholders

9. What is the rate of TDS on the dividend declared and paid to non-resident shareholders?

- For non-resident shareholders, the rate of TDS is 20% (plus applicable surcharge and cess) as

per the IT Act. However, where a non-resident shareholder is eligible to claim benefit under the Double Taxation Avoidance Agreement (DTAA) read with Multilateral Instrument (MLI), as may be applicable, and the tax rate provided in the respective DTAA is more beneficial than the rate provided in the IT Act, then the rate as per the DTAA would be applied.

- The Central Board of Direct Taxes ('CBDT') in India has issued Notification no. 3/2022 dated July 16, 2022 which mandates filing of Form 10F vide electronic mode on the income-tax e-portal by non-residents. Accordingly, shareholder(s) who wish to claim Tax Treaty benefit, need to mandatorily file Form 10F online at the link <https://eportal.incometax.gov.in/>
- In order to avail the DTAA benefit, non-resident shareholders would be required to submit certain documents (including e-filed Form 10F as captured above) as mentioned in **Annexure A (Part 2)** at <https://ris.kfintech.com/form15>. Kindly note that extending the benefit of DTAA would depend on the completeness of documents submitted and is at the discretion of the Company.

10. Is the above rate of 20% (as per the IT Act) to be increased by surcharge and cess?

- Yes, in case of non-resident shareholders, the TDS rate of 20% would be increased by applicable surcharge and health & education cess based on the status of the non-resident. However, in case TDS is deducted as per the beneficial rate provided in the DTAA (subject to submission of documents/ declaration), then the rate as prescribed in the DTAA would not be further increased by surcharge and cess.

11. What is the applicable rate of surcharge and cess for non-resident shareholders [including Foreign Institutional Investors (FIIs)/ Foreign Portfolio Investors (FPIs)]?

- The rate of health & education cess shall be 4% on the amount of tax liability and applicable surcharge. The rate of surcharge depends upon the status of the non-resident and its income.

For non-resident shareholders being foreign companies (including FIIs/ FPIs being companies):

Aggregate dividend income during the FY	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding ₹ 1,00,00,000	NIL	20.80%
Exceeding ₹ 1,00,00,000 but not exceeding ₹ 10,00,00,000	2%	21.216%
Exceeding ₹ 10,00,00,000	5%	21.84%

For other categories of non-resident shareholders, including FIIs/ FPIs:

Aggregate dividend income during the FY	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
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Aggregate dividend income during the FY	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding ₹ 50,00,000	NIL	20.80%
Exceeding ₹ 50,00,000 but not exceeding ₹ 1,00,00,000	10%	22.88%
Exceeding ₹ 1,00,00,000	15%	23.92%

12. Is there any limit on the amount of dividend upto which no tax will be withheld in respect of non-resident shareholders?

- There is no such limit provided under the IT Act for non-resident shareholders and hence, the entire dividend is subject to TDS.

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

- A non-resident wanting to claim benefit of concessional tax rate under the DTAA should submit the necessary valid documents to the RTA on or before **25th July 2025** by uploading the same on weblink at <https://ris.kfintech.com/form15>. The list of documents is provided below:
 - Copy of PAN Card (duly attested) allotted by the Indian Income Tax authorities
 - Copy of Tax Residency Certificate (TRC) (of FY 2025-26 or calendar year 2025, valid as on record date) obtained from the tax authorities of the country of which the shareholder is resident. In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter, duly notarized and apostilled copy of the TRC would have to be provided;
 - Copy of Form 10F electronically filed for FY 2025-26 on the income-tax web portal
 - Self-declaration for dividend Click here for the format of the self-declaration.
 - Self-declaration to be provided under Rule 37BC (2) of the Rules (in case PAN is not available). Click here for the format of the self-declaration.

C. Common FAQs – for resident as well as non-resident shareholders:

14. Am I required to update the PAN? If yes, where should it be updated?

- Yes, shareholders are required to update their 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 are held in physical form, then the PAN needs to be updated with RTA at <https://ris.kfintech.com/clientservices/isc/isrforms.aspx>.
- In addition to the above, all shareholders are requested to ensure that the below details are submitted 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 / RTA for the purpose of complying with the applicable TDS provisions:
 - a) Valid Permanent Account Number (PAN)
 - b) Residential status as per the IT Act i.e. Resident or Non-Resident for FY 2025-26;

- c) Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) – Category I, II and III, Government (Central/ State Government), FPI/ FII, Foreign Company, 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, etc.
- d) Address with PIN Code (including country).

Kindly note that for the purpose of deduction of tax at source, the Company would be relying on the data shared by the RTA. In case the above details are not updated by the record date, then the Company will rely on the details as on the record as received from RTA.

15. 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, the Company shall arrange to email the soft copy of the TDS certificate to shareholders at the registered email ID within the prescribed time, post payment of the said dividend. Shareholders can also check Form 26AS from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>.
- Please note the credit in Form 26AS shall be reflected after the TDS statement filed by company on a quarterly basis is processed by the tax authority.

16. Where can I find a consolidated list of documents/ declarations that are required to be submitted by me? What is the due date for submission of these documents/ declarations?

- A consolidated list of documents/ declarations is provided in **Annexure A..** The documents/ declarations, as applicable to you, are required to be submitted to the Company latest by **25 July 2025**. Any document/ declaration submitted post **25 July 2025** will not be considered by the Company while deducting tax at source.

17. What if TDS is deducted at a higher rate in absence of submission of details/ documents within the prescribed time, viz. upto 25 July 2025?

- In case TDS is deducted at a higher rate in absence of receipt of details/ documents from shareholders by the due date, the shareholders may consider filing their return of income and claiming an appropriate refund, if eligible.

18. Any other query?

- In case you have any other queries, please feel free to send those queries to inward.ris@kfintech.com.