FAQ - Taxation of Dividend Distribution

Resident Shareholders:

1. **I am a resident individual shareholder. Will my dividend be subject to TDS?**

   Ans: Pursuant to Income Tax Act, 1961, as amended, the dividend income is taxable in the hands of shareholders. Accordingly, if any **resident individual shareholder** is in receipt of dividend exceeding Rs. 10,000 in a fiscal year, entire dividend will be subject to TDS @ 10%. The rate of 10% is applicable provided the shareholder has updated his/her Permanent Account Number (PAN) with the depository. Otherwise the TDS rate will be 20%. If the dividend to a resident individual shareholder does not exceed Rs 10,000 in a fiscal year, then no tax will be deducted from the dividend.

2. **I am resident shareholder but not an individual. Will the dividend be subject to TDS?**

   Ans: Yes. The entire dividend will be subject to TDS for non-individual resident shareholders without any threshold limit. The tax deduction rate will be 10% provided PAN is updated with the company or the depository. Otherwise the TDS rate will be 20%.

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

   Ans: For resident shareholders, the rate of TDS would not be increased by surcharge and cess. For non-resident shareholders, the rate of TDS would be increased by applicable surcharge and cess.

4. **I am a resident individual or a person (other than company or Firm) and my dividend receipt is subject to TDS., However, tax on my estimated total income for the FY 2025-2026 after including this dividend income on which tax is to be deducted, will be NIL. Can I then request the Company not to deduct tax at source and to pay the amount without deduction of tax at source?**

   Ans: Yes. You can approach the Company for non-deduction of tax at source. You will have to furnish a declaration in Form No. 15G/15H, as the case may be, to the Company to the effect that the tax on the estimated total income of the FY 2025-2026 after including the Income on which tax is to be deducted, will be NIL.

5. **Where should the Forms 15G / 15H be submitted for non-deduction of tax?**

   Ans: Forms 15G / 15H are available and can be downloaded at https://web.in.mpms.mufg.com/client-downloads.html. Thereafter, the same can be uploaded on the following link https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html on or before 25th August,2025

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6. **Where does the shareholder need to update the PAN?**

   Ans: If the shares are held in Demat form, the PAN needs to be updated with the Depository. If the shares are held in physical form, the PAN needs to be updated with the Company's Registrar and Transfer Agents at rnt.helpdesk@in.mpms.mufg.com If the PAN is already updated, no further action is required.

7. **How can a shareholder know the quantum of tax deducted by the Company from the dividend payment?**

   Ans: To know the quantum of tax deducted, the Company will provide a TDS Certificate in respect of the tax deducted. Shareholders can also check Form 26AS from their e-filing accounts at https://incometaxindiaefiling.gov.in . Shareholders can also use the "View Your Tax Credit" facility available at www.incometaxindia.gov.in. Please note, the credit in form 26AS would be reflected after the TDS Return is filed on a quarterly basis by the Company, and the same is processed by the Income-tax department.

Non-resident Shareholders:

8. **What is the rate of withholding tax on dividend declared & paid to non-resident shareholders? Is there any limit upto which no tax will be withheld?**

   For non-resident shareholders, the rate of withholding tax is 20% (plus applicable surcharge and cess) as per Indian Income Tax Act, 1961. However, where a non-resident shareholder is eligible to claim the tax treaty benefit, and the tax rate provided in the respective tax treaty is beneficial to the shareholder, then the rate as per the tax treaty would be applied. In order to avail tax treaty benefits, non-resident shareholders would be required to submit certain documents (Refer Question 11 for the same). **However, tax shall be deducted at source @20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors ("FIIs") and Foreign Portfolio Investors ("FPIs") in view of specific provision under section 196D of the Income tax Act 1961, as amended time to time.**

   Please note that there is no threshold provided for which no tax will be withheld. Entire dividend is subject to withholding of tax.

9. **Is the above rate of 20% increased by surcharge & cess?**

   Ans: Yes, in case of non-resident shareholders, the rate of 20% would be increased by applicable surcharge based on the status of the non-resident (Please see Q.10 for applicable surcharge rates) and a cess of 4%.

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10. What is the applicable rate of surcharge for non-resident shareholders?

Ans: The rate of surcharge depends upon the status of the non-resident and its income.

For Non-resident Individuals, HUF, AOP, BOI, the rate of surcharge is as under:

Income Slab	Rate of Surcharge (Non-FII/FPI)	Rate of Surcharge (FPI)
Above ₹ 50 Lacs but not exceeding ₹ 1 Crore	10%	10%
Above ₹ 1 Crore but not exceeding ₹ 2 Crore	15%	15%
Above ₹ 2 Crore but not exceeding ₹ 5 Crore	15%	15%
Above ₹ 5 Crore	15%	15%

For body corporates, the rate of surcharge is as under:

Income Slab	Rate of Surcharge
Above ₹ 1 Crore but not exceeding ₹ 10 Crores	2%
Above ₹ 10 Crores	5%

Cess shall be applicable at 4 % on surcharge as above, in all cases.

11. Who is eligible for a relief of concessional rate of withholding tax as per the Tax Treaty entered by India with other countries? If eligible, what are the documents required for availing such relief?

Ans: Non-resident shareholders who are tax residents of countries which have signed Double Taxation Avoidance Agreements (DTAAs) with India are eligible for a relief at the concessional rate of TDS (if any), as per the applicable Tax Treaty.

Following documents are required for availing the concessional rate of withholding tax:

a) Tax Residency Certificate for the year in which the dividend is received (to be obtained from the Revenue / Tax authorities of the country of which the shareholder is resident)
b) Digital Form 10F as per the format specified under Income Tax Act, 1961
c) Self Declaration for the year in which dividend is received.

Primarily, following should be covered in the self declaration:

a) Non-resident is eligible to claim the benefit of the respective tax treaty
b) Non-resident receiving the dividend income is the beneficial owner of such income
c) Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.

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Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on the dividend amount. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the non- resident shareholder.

Specimen of Form 10F and self declaration can be downloaded from https://web.in.mpms.mufg.com/admin/DownloadFiles/Form_10F.pdf .

12. By when are the documents required for claiming concessional rate benefit under the Treaty, to be submitted?

Ans: A non-resident wishing to claim concessional rate benefit under the Treaty should submit the documents at the start of every year or before the record date of declaring dividend with the company.

13. How can a shareholder know the quantum of tax deducted by the Company from the dividend payment received by the shareholder?

Ans: To know the quantum of the tax deducted, the Company will provide a TDS Certificate in respect of the tax deducted. Shareholders can also check Form 26AS from their e-filing accounts at https://incometaxindiaefiling.gov.in
Shareholders can also use the "View Your Tax Credit" facility available at www.incometaxindia.gov.in Please note, the credit in form 26AS would be reflected after the TDS Return is filed on a quarterly basis by the Company, and the same is processed by the Income-tax department.