

**Communication to the shareholders of Paushak Limited (“the Company”) with regard to deduction of tax on dividend as per relevant provisions of Income Tax Act, 1961.**

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Pursuant to the amendments introduced by the Finance Act, 2020, a company will be required to deduct tax at source at the prescribed rates on the dividend paid to its shareholder’s w.e.f. 1<sup>st</sup> April, 2020. The Company shall therefore be required to deduct tax at source at the time of making the payment of the Dividend, if declared at the ensuing Annual General Meeting of the Company. However, no tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend to be paid during the financial year does not exceed Rs. 5,000/-. The rate of tax deducted at source will apply as per the residential status of the shareholder and documents registered with the Company.

This communication provides the brief of applicable Tax Deduction at Source (TDS) provisions under the Income Tax Act, 1961 for Resident and Non-Resident shareholder categories. **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.**

**A. RESIDENT SHAREHOLDERS:**

**A1. Tax Deductible at Source for Resident Shareholders**

<b>Sr. No. (1)</b>	<b>Particulars (2)</b>	<b>Rate of Deduction of Tax at Source (3)</b>	<b>Documents required (if any) (4)</b>
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 tax deduction certificate issued by Income Tax Department u/s. 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

**A2. 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 / RTA of the Company:**

Sr. No. (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1	Submission of Form 15G/ Form 15H	NIL	Declaration in Form No. 15G (applicable to individual shareholder) / Form 15H (applicable to an Individual shareholder who is 60 years and above), provided that all the required eligibility conditions shall be complied. Please note that all fields are mandatory to be filled up and the Company may at its sole discretion reject the form, if it does not fulfil the requirement of law.
2	Availability of nil tax deduction certificate issued by Income Tax Department u/s. 197 of Income Tax Act, 1961	NIL	Nil tax deduction certificate obtained from Income Tax Authority
3	Insurance companies such as LIC, GIC, etc.	NIL	Self-declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the ordinary shares owned by it along with copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/ LIC/ GIC.
4	Mutual Funds	NIL	Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Income Tax Act, 1961 along with copy of PAN card and certificate of registration with SEBI.

Sr. No. (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
5	Alternative Investment Fund (AIF)	NIL	Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are registered with SEBI as Category I or Category II AIF along with copy of the PAN card and certificate of AIF registration with SEBI
6	<ul style="list-style-type: none"> <li>• Recognised provident funds</li> <li>• Approved superannuation fund</li> <li>• Approved gratuity fund</li> </ul>	NIL	Copy of PAN Card along with necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT).
7	New Pension System (NPS)	NIL	Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the Income Tax Act, 1961 and being regulated by the provisions of the Indian Trusts Act, 1882 along with copy of the PAN card.
8	Other Non-Individual Resident share holder	NIL	Copy of documentary evidence supporting the exemption along with copy of PAN card.

**B. NON-RESIDENT SHAREHOLDERS:**

**Withholding tax on dividend payment to non-resident shareholders, if the non-resident shareholders submit and register following documents as mentioned in column no. 4 of the below table with the Company / RTA of the Company.**

<b>Sr. No. (1)</b>	<b>Particulars (2)</b>	<b>Withholding Tax Rate (3)</b>	<b>Documents required (if any) (4)</b>
1	Non-resident shareholders including FPI	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: <ol style="list-style-type: none"><li>1. Copy of tax Residency certificate (TRC) issued by revenue authority of country of residence of shareholder for the year in which dividend is received and valid as on date of payment by company.</li><li>2. Copy of PAN card allotted by Indian Income Tax authorities. In case, PAN is not available, the Non-resident shareholder shall furnish information as per Rule 37BC of Income Tax Rules. 1962 as per the format of declaration enclosed herewith as Annexure 1.</li><li>3. Self-declaration in Form 10F duly filled in &amp; signed.</li><li>4. Self-declaration by shareholder, of meeting treaty eligibility requirement, no permanent establishment/ fixed base requirement and satisfying beneficial ownership requirement as per the format enclosed herewith as Annexure 2.</li><li>5. In case of Foreign Institutional Investors and Foreign Portfolio Investors</li></ol>

Sr. No. (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
			copy of SEBI registration certificate.  (Note: Application of Beneficial Tax Treaty Rate as per DTAA for the purpose of withholding taxes shall depend upon the completeness of the documents submitted by the Non- Resident shareholder and review to the satisfaction of the Company).
2	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s. 197/195 of Income Tax Act, 1961	Rate specified in certificate	Copy of lower/Nil tax deduction certificate obtained from Income Tax Authority

**C. TDS to be deducted at higher rate in case of non-filers of Return of Income:**

The Finance Act, 2021, has inter alia inserted the provisions of Section 206AB of the Income Tax Act, 1961 w.e.f. 1<sup>st</sup> July, 2021. The provisions of the said Section require the Company to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':

- i) At twice the rate specified in the relevant provision of the Income Tax Act; or
- ii) At twice the rates or rates in force; or
- iii) At the rate of 5%

The 'specified person' means a person who has:

- a) not filed return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- b) subjected to tax deduction/collection at source in aggregate amounting to Rs. 50,000 or more in each of such two immediate previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

To view / download Form 15G, Form 15H and Form 10F, you are requested to visit on the website of Company's Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd. ("RTA") at <https://linkintime.co.in/client-downloads.html>

**The aforesaid documents such as Form 15G/15H, documents u/s. 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be uploaded on the RTA's website at <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before 25<sup>th</sup> July, 2022 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post 25<sup>th</sup> July, 2022 shall not be considered.**

The Company will issue soft copy of the TDS certificate to its shareholders through e-mail registered with the Company / RTA post payment of the dividend. Shareholders will be able to download the TDS details from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> and refer to their Form 26AS.

Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members and other documents available with the Company / RTA.

In case TDS is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, an option is still available with the shareholder to file the return of income and claim an appropriate refund. No claim shall be entertained against the Company for such taxes deducted.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder/s, such Shareholder/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.