

Instructions on TDS on the proposed dividend for FY 2022-23

1. **TAX ON DIVIDEND:** Members may note that the Income-Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company on or after April 1, 2020 shall be taxable in the hands of members. Upon declaration of the dividend by the members at the AGM, the Bank shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of the dividend. In such a case, the Dividend will be paid after deducting the tax at source as follows:

Resident Shareholders:

It may be noted that tax would not be deducted at source on payment of dividend to a "**resident Individual shareholder**", if the total dividend amount to be paid in a financial year does not exceed ₹5,000.

Tax to be deducted at source, wherever applicable, would be as under:

Particulars	Applicable Rate	Documents required (if any)
Shareholders having the PAN	10%	Update the PAN, and the residential status as per Income Tax Act, 1961 if not already done, with the depositories (in case of shares held in demat mode) and with the Bank's Registrar and Share Transfer Agent (in case of shares held in physical mode).
	NIL	Form 15G (applicable to any person other than a Company or a Firm)/Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met, and a copy of PAN is furnished.
Shareholders not having PAN/ PAN is Invalid	20%	N.A.
Shareholders submitting the Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority along with a copy of PAN.
Shareholders for whom Section 194 of the Act is not applicable	NIL	A declaration that it has full beneficial interest with respect to the shares owned by it along with PAN.
Shareholders, being Alternative Investment	NIL	A declaration that the AIFs are registered under SEBI as per SEBI Regulations.

Particulars	Applicable Rate	Documents required (if any)
Funds (AIFs) (Category I & Category II)		
Shareholders covered under Section 196 of the Act (e.g. Mutual Funds, Govt.)	NIL	Certificate of registration u/s 10(23D) issued by the appropriate authority along with PAN, documentary evidence that the person is covered under said Section 196 of the Act.

The Resident individual shareholders are requested to ensure that their Aadhaar Number is linked with PAN within the prescribed timelines. In case of failure to link, PAN shall be considered as inoperative/invalid and hence, tax at 20% shall be deducted in such cases.

TDS to be deducted at a higher rate in case of non-filers of Income Tax Return:

The Finance Act, 2021, inter-alia, has been amended to include a new Section 206AB with effect from July 1, 2021. The provisions of said section require the Bank to deduct tax at higher of the following rates from the amount paid/credited to a 'specified person':

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

*Specified Person is a person who has not furnished its/their Return of Income in India for the previous Financial Year, the time limit for which has expired under the provisions of the Income Tax Act 1961 and the aggregate of Withholding tax deducted exceeds Rs.50,000/- in the current Financial Year.

In case Government provides any guidelines to comply with the provisions of Section 206AB, Bank will deduct tax in accordance with said guidelines. Tax deducted in accordance with said guidelines will be final and the Bank shall not refund/adjust said amount subsequently. The Bank might also seek necessary declarations from such shareholders to comply with the provisions of this Section. The non-resident who does not have a permanent establishment is excluded from the scope of a specified person. As such, a non-resident is required to submit a no permanent establishment declaration so as to be excluded from the scope of a specified person.

Where the shareholder being resident individual eligible for obtaining Aadhaar Number have not intimated/ linked the Aadhaar Number allotted with its PAN up to the date of declaration of dividend. In such a case, the allotted PAN would be treated as inoperative ; benefit of TDS exemption such as vide Form 15G / H shall not be

extended, for the provisions of deduction of TDS on the dividend declared by the Company, as may be applicable under the Act or relevant law/rules in force and taxes will be withheld accordingly.

Non-Resident Shareholders:

As per Section 90 of the Income Tax Act, the non-resident shareholder has the option of being governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them.

Please refer to the below table for details of documents to avail Tax Treaty benefits.

Particulars	Applicable Rate	Documents required (if any)
Shareholders, being Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) as per Section 196D of the Income Tax Act, 1961 OR Tax Treaty Rate (whichever is lower)	<ul style="list-style-type: none"> a) Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities. b) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2023-24. c) Electronically furnished Form 10F & its acknowledgement from the Income Tax portal. d) Self-declaration by the non-resident shareholder about having no Permanent Establishment in India in accordance with the applicable Tax Treaty. e) Self-declaration of Beneficial ownership by the non-resident shareholder.
Other Non-Resident shareholders	20% (plus applicable surcharge and cess) OR Tax Treaty Rate (whichever is lower)	<ul style="list-style-type: none"> a) Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities. b) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2023-24. c) Electronically furnished Form 10F & its acknowledgement from the Income Tax portal. d) Self-declaration by the non-resident shareholder about having no Permanent Establishment in India in accordance with the applicable Tax Treaty. e) Self-declaration of Beneficial ownership by the

Particulars	Applicable Rate	Documents required (if any)
		non-resident shareholder.
Shareholders submitting the Order under Section 197 of the Income Tax Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from the tax authority.

In case PAN is not available, the non-resident shareholder (other than a company) shall furnish (a) name, (b) email id, (c) contact number (d) address in residency country (f) Tax Identification Number of the residency country.

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefits including meeting all conditions laid down by DTAA.

Kindly note that the Bank is not obligated to apply beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

As per CBDT's recent Notification no 03/2022 dated 16th July, 2022, all non-resident shareholders desiring to claim DTAA tax treaty benefits will need to electronically furnish Form 10F to the revenue authorities at the income tax e-filing portal.

Soft copies of the following documents may be downloaded from the link <https://www.integratedindia.in/ExemptionFormSubmission.aspx>

- (1) Form 15G.
- (2) Form 15H.
- (3) Form 10F.
- (4) Declaration from residents.
- (5) Declaration from non-residents.
- (6) Declaration under Rule 37BC from non-residents (other than companies) not having PAN.

Duly filled and signed aforesaid documents, as applicable, should be uploaded at the website of RTA at <https://www.integratedindia.in/ExemptionFormSubmission.aspx> on or before **August 24, 2023, 11.59 PM (IST)**, to enable the Company to determine the appropriate TDS/withholding tax rate applicable.

No communication on the tax determination/deduction received post the aforesaid date and time shall be considered for payment of the Dividend.

No other mode of submission of the documents would be entertained and the same needs to be uploaded only on the website of the RTA at the web link said above. If the documents are submitted to any other email id or through post etc., no claim shall lie against the Bank or the RTA.

Similarly, if the tax on said Dividend is deducted at a higher rate due to non-receipt of or satisfactory completeness of the above-mentioned details/documents, the shareholder may claim an appropriate refund in the return of income filed with their respective tax authorities and **no claim shall lie against the Bank for such taxes deducted.**

For shareholders having multiple accounts under different status/ category:

Shareholders holding ordinary shares under multiple accounts under different status/category and a single PAN may note that the higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

Beneficial Interest:

In terms of Rule 37BA of Income Tax Rules, 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then the deductee should file a declaration with the Bank in the manner prescribed by Rules. 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 Bank and also, provide the Bank with all information/documents and co-operation in any appellate proceedings.

Updation of bank account details:

The shareholders are requested to ensure that their bank account details in their respective demat accounts/folios are updated, to enable the Bank to make timely credit of dividend to their bank accounts.

2. The members may write to irg@integratedindia.in for any clarifications on this subject (please write in the subject matter as "KBL Dividend TDS" for easy identification and prompt redressal).
3. Members are requested to note that, dividend remaining unclaimed for a consecutive

period of seven years from the date of transfer to the Unpaid Dividend Account of the Bank, is liable for transfer to the Investor Education and Protection Fund ("IEPF") along with the related shares. In view of this, Members are requested to claim their unpaid dividends, if any, from the Bank, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 is available on www.iepf.gov.in For details, please refer to the Corporate Governance Report of the Directors' Report.

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