**Frequently Asked Questions (‘FAQs’) on Taxation of Dividend**

**(Updated as on 04th April, 2025)**

1. **Resident Shareholders**
2. **I am a resident individual shareholder. Will my dividend be subject to TDS? If yes, are there any exceptions?**

***Rate of TDS on dividend payment to resident individual shareholders:***

* With effect from 1st April, 2020, dividend income is taxable in the hands of the shareholders at applicable rates of tax. The Company is required to deduct tax at source under section 194 of the Income-tax Act, 1961 (‘the Act’) at the rate of 10%, subject to the following:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr No** | **Particulars** | **Rate of TDS applicable** | **Section** |
| 1 | PAN is not available/ Invalid PAN | 20% | 206AA of the Act |

**Note 1**: As per Section 139AA(2) of the Act read with Rule 114AAA of the Income tax Rules, 1962, PAN is mandatorily required to be linked with Aadhaar. If PAN is not linked with Aadhaar, such PAN will be deemed inoperative and tax at source will be required to be deducted at higher rates under section 206AA of the Act.

* A self-declaration is required to be given by you with respect to the above, viz. linking of PAN with Aadhar, in the format prescribed here. In the absence of the said declaration, the Company will deduct TDS @ 20%.

***Exceptions:***

* However, no tax shall be deducted at source on the dividend payable to a resident Individual if the total dividend to be received from the Company during a financial year does not exceed   
  Rs. 10,000; or if an eligible resident shareholder provides a valid declaration in Form 15G/ 15H to the Company.
* Further, if a shareholder has obtained a lower or Nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company, tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.

1. **I am a non-individual resident shareholder. Will the dividend be subject to TDS? If yes, are there any exceptions?**

***Rate of TDS on dividend payment to resident non-individual shareholders:***

* With effect from 1st April 2020, the dividend income is taxable in the hands of the shareholders under section 194 of the Act @ 10%, provided:
* PAN is registered by the shareholder with the Depository. If the same is not registered, then tax would be deducted at source @ 20% as per section 206AA of the Act.

***Exceptions (subject to submission of documents):***

* No tax shall be deducted at source on the dividend payable to the following resident non-individual shareholders on submission of certain documents as mentioned below:

1. **Insurance Companies (Public & Other Insurance Companies):** Self-attested copy of registration certificate issued by authorities and PAN card. Also, a declaration that you are an Insurance company as defined under the second proviso to section 194 of the Act.
2. **Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income- tax Act, 1961 along with self-attested copy of registration documents issued by authorities and PAN card.
3. **Category I / Category II Alternative Investment Fund:** Self-attested 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 Indian Income-tax Act, 1961 [covered by Notification No. 51/2015 dated June 25, 2015].
4. **National Pension Scheme Trust:** Self-attested registration certificate/ declaration that you qualify as NPS Trust for the purpose of section 197A(1E) of the Act, and that your income is eligible for exemption under section 10(44) of the Act.
5. **Entities unconditionally exempt under section 10:** Documentary evidence and self-declaration substantiating that you are an entity covered by the Circular No. 18 of 2017 issued by the Central Board of Direct Tax and your income is unconditionally exempt under section 10 of the Act.
6. **Sovereign Wealth Funds and Pension Funds:** Self declaration to be provided alongwith copy of the notification issued by the CBDT substantiating the applicability of section 10(23FE) of the Act issued by the Government of India
7. **Government:** Documentary evidence and self-declaration that it is a Corporation set up under specific legislationwhose income is exempt and can be considered as a ‘Government’ and qualifies for exemption under section 196 of the Act.
8. **Where lower/ nil withholding certificate is submitted:** If a shareholder has obtained a lower or Nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company, tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.
9. **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 from the Company during a financial year does not exceed Rs. 10,000.
* It may be noted that there is no such limit provided under the Act for resident non-individual shareholders, and hence the dividend shall be subject to TDS.

1. **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 (both individual and non-individual), the rate of TDS would not be increased by surcharge and cess.

1. **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 declaration in Form 15G (appliable to any person other than a company or a firm) / Form 15H (applicable to an individual above the age of 60 years), as the case may be, to the effect that the tax on his estimated total income of the year after including the dividend income on which tax is to be deducted will be nil.

1. **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, then submission of physical copy is not required.

1. **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 in case your total dividend income from the Company exceeds Rs. 10,000 in a financial year. However, you may file your return of income and claim appropriate refund, if eligible.

1. **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’) by uploading the same on the weblink: [https://risop.kfintech.com/form15/forms.aspx?q=0](https://protect.checkpoint.com/v2/r05/___https://risop.kfintech.com/form15/forms.aspx?q=0___.YXBzMTpjaWVhdXRvbW90aXZlaW5kaWFsaW1pdGVkOmM6bzo4MDYxZDdhNzJiMDJlNThjNjY1MzdhNzI5YjEwZTk3Zjo3OjZlNDQ6MGM3OWQ2MWQyMzAxNDJlOTBmZjZjNDE3YzAzNzFkYzliMmViMmE1MTU4YTliOGQzOWRhZTQ2OGNkNTdlOWQwNDpwOlQ6Rg) or can be sent from registered email address to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) on or before 25th April, 2025.

1. **Non-resident Shareholders**
2. **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 section 195 of the Act. However, where a non-resident shareholder is eligible to claim benefit under the Double Taxation Avoidance Agreement (DTAA) read with applicable Multilateral Instrument (MLI), and the tax rate provided in the respective DTAA is more beneficial than the rate provided in the Act, then the rate as per the DTAA would be applied. In order to avail the DTAA benefit, non-resident shareholders would be required to submit certain documents as mentioned in **Annexure A below**. Kindly, note that extending the benefit of DTAA would depend on the completeness of documents submitted and is at the discretion of the Company.

1. **Is the above rate of 20% (as per the 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.

1. **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 surcharge depends upon the status of the non-resident and its income.

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

|  |  |  |
| --- | --- | --- |
| **Dividend income during the financial year** | **Surcharge Rate** | **Effective TDS rate (including applicable surcharge and cess)** |
| Not exceeding Rs.1,00,00,000 | NIL | 20.80% |
| Exceeding Rs.1,00,00,000 but not exceeding Rs.10,00,00,000 | 2% | 21.216% |
| Exceeding Rs. 10,00,00,000 | 5% | 21.84% |

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

|  |  |  |
| --- | --- | --- |
| **Dividend income during the financial year** | **Surcharge Rate** | **Effective TDS rate (including applicable surcharge and cess)** |
| Not exceeding Rs.1,00,00,000 | NIL | 20.80% |
| Exceeding Rs. 1,00,00,000 | 12% | 23.296% |

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

| **Dividend income during the financial year** | **Surcharge Rate** | **Effective TDS rate (including applicable surcharge and cess)** |
| --- | --- | --- |
| Not exceeding Rs.50,00,000 | NIL | 20.80% |
| Exceeding Rs.50,00,000 but not exceeding Rs.1,00,00,000 | 10% | 22.88% |
| Exceeding Rs.1,00,00,000 | 15% | 23.92% |

* The rate of health & education cess shall be 4% on the amount of tax liability and applicable surcharge.

1. **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 Act for non-resident shareholders, and hence the entire dividend is subject to TDS.

1. **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 documents to the RTA by uploading the same on the weblink: [https://risop.kfintech.com/form15/forms.aspx?q=0](https://protect.checkpoint.com/v2/r05/___https://risop.kfintech.com/form15/forms.aspx?q=0___.YXBzMTpjaWVhdXRvbW90aXZlaW5kaWFsaW1pdGVkOmM6bzo4MDYxZDdhNzJiMDJlNThjNjY1MzdhNzI5YjEwZTk3Zjo3OjZlNDQ6MGM3OWQ2MWQyMzAxNDJlOTBmZjZjNDE3YzAzNzFkYzliMmViMmE1MTU4YTliOGQzOWRhZTQ2OGNkNTdlOWQwNDpwOlQ6Rg) or can be sent from registered email address to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) on or before 25th April, 2025.

1. **Common FAQs – for resident as well as non-resident shareholders:**
2. **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 in form ISR 1.
* 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 in form ISR 1 for the purpose of complying with the applicable TDS provisions:

1. Valid Permanent Account Number (PAN);
2. Residential status as per the Income-tax Act, 1961, i.e., Resident or Non-Resident for FY 2025-26;
3. Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) – Category I, II and III, Government (Central/ State Government), Foreign Portfolio Investor (FPI)/ Foreign Institutional Investor (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.;
4. Email Address;
5. Mobile Number;
6. Bank account details; and
7. Address with PIN code.

Kindly note that for the purpose of deduction of tax at source, the Company would be relying on the data shared by 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 date, as received from RTA.

1. **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, post payment of the said dividend, if declared in the AGM. Shareholders can also check Form 26AS​ from their e-filing account at www.incometax.gov.in/iec/foportal/

* You can also use the “View Your Tax Credit” facility available at [www.incometax.gov.in/iec/foportal/](https://protect.checkpoint.com/v2/r05/___http://www.incometax.gov.in/iec/foportal/___.YXBzMTpjaWVhdXRvbW90aXZlaW5kaWFsaW1pdGVkOmM6bzo4MDYxZDdhNzJiMDJlNThjNjY1MzdhNzI5YjEwZTk3Zjo3OmU0Y2E6YjE0OWJiM2VhMmY5YjE1M2U5MWE0YTZhMDUwYzI3ODA5ZDlkZDZmNjMwYTI1ZWUxZWU2MjdmYjk4ZmU3ODMzOTpwOlQ6Rg). 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.

1. **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 below. The documents/ declarations, as applicable to you, are required to be submitted to the Company latest by the due date prescribed above. Any document/ declaration submitted post 25th April, 2025 will not be considered by the Company while deducting tax at source.

1. **What if TDS is deducted at a higher rate in absence of submission of details/ documents within the prescribed time?**

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

1. **Any other query?**

* In case you have any other queries, please feel free to send the same to [***einward.ris@kfintech.com***](mailto:einward.ris@kfintech.com).

**Note: all the forms/formats of self-declarations as per below list can be downloaded from the link:**

<https://www.cie-india.com/periodic-public-information8.html#AGM_2025_page>

1. Form – 15H
2. Form – 15G
3. [Form](file:///C:\Users\YW659EF\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\TXY1TSX6\FORM%20NO%2010F.docx) - 10F
4. Declaration under Rule 37BA for shareholder
5. Declaration under Rule 37BC(2) for shareholder
6. Self-declaration (Resident shareholder)
7. Self-declaration (Non-resident shareholder)
8. Form ISR 1

**ANNEXURE - A**

**List of documents to be submitted for applicability of appropriate rate of deduction of Tax at Source**

**Part 1 - Resident Shareholders**

**Individual Resident Shareholders**

* Copy of declaration for resident shareholder in the prescribed format.
* Lower or NIL Withholding tax Certificate under section 197 of the Act, if any.
* Form 15G/ 15H [as prescribed under sections 197A(1) and 197A(1C) of the Act, respectively].
* Declaration under Rule 37BA of the Income Tax Rules in case of Joint shareholders, Minor shareholders, etc.

***Note:*** *No tax shall be deducted on the dividend payable to a resident Individual if the total dividend to be received during a financial year does not exceed Rs. 10,000*

**Non-individual Resident Shareholders**

* Copy of declaration for resident shareholder in the prescribed format.
* Lower or Withholding tax Certificate under section 197 of the Act, if any
* Form 15G [as prescribed under sections 197A(1) of the Act,].

***Additionally, for special category shareholders, please refer the documents at FAQ 2***

**Part 2 - Non-Resident Individuals/ Foreign Nationals/ Foreign Corporate Bodies, Foreign Banks, OCBs, FPI/ FIIs**

* Copy of the PAN Card (duly attested) allotted by the Indian Income Tax authorities.
* Self-attested copy of Tax Residence Certificate (TRC) (of FY 2025-26 or calendar years 2025 and 2026, 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;
* Self-declaration in Form 10F electronically filed on income tax portal.
* Self-Declaration to be provide under Rule 37BC(2) of the Income Tax Rules, 1962.
* Declaration under Rule 37BA of the Income Tax Rules - In case of Joint shareholders, Minor shareholders etc.
* Self-declaration by the non-resident shareholder in the prescribed format.

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