**FAQs on Tax deducted at Source (TDS) on Dividend**

This FAQ list is to bring clarity on the possible concerns of the shareholders regarding income tax deduction at source on Dividend. This FAQ shall not be construed as a legal advice and the shareholders should consult their advisors / income tax experts for specific query or further clarity.

**Resident in India**

**Q1. I am a resident shareholder (i.e. Individual, HUF, BOI, AOP, Partnership Firms, Corporations). Will my dividend be subject to TDS? If yes, at what rate TDS will be deducted?**

Effective April 01, 2020, Dividend is taxable in the hands of shareholders and therefore TDS will also be deducted as per the applicable provisions of the Income Tax Act, 1961. **In case of resident individuals,** where the dividend payout does not exceed Rs. 5,000, no TDS shall be deducted.

TDS will be deducted @10%* of dividend paid during the FY 2024-25. In case Permanent Account Number (PAN) is not available with the depository/ Transfer Agent, TDS rate of 20% would be applied instead of 10%.

* For resident shareholders, surcharge and cess is not applicable.

**Q2. 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 2024-2025 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?**

Yes, in case you are **resident Individual/ HUF shareholder** and your total income is not exceeding the income chargeable to tax in India as per Income Tax Act, 1961, then you can submit Form 15G/15H immediately to the Company along with copy of self-attested PAN card. Please note Form 15G/15H, if applicable, is to be filed every Financial Year preferably in the month of April (beginning of the FY). Please ensure that your correct PAN card details are already updated in your demat account.

- Form 15G (applicable to an individuals aged less than 60 years and applicable for HUF) available in https://www.incometaxindia.gov.in/pages/downloads/most-used-forms.aspx
- Form 15H (applicable to an Individual aged 60 years or more) available in https://www.incometaxindia.gov.in/pages/downloads/most-used-forms.aspx

**Q3. Where does the shareholder need to update the PAN?**

PAN needs to be updated with the Depository. Also shareholders need to ensure that their PAN is linked with Aadhaar. Failure of the same will be treated as inoperative PAN and consequently attract higher TDS rate deduction under Sections 206AA of the Income Tax Act, 1961.

**Q4. Are there any Indian entities exempted from deduction of TDS on Dividend?**

Yes, there are following entities which are exempt from TDS on dividend

- **Insurance entities (LIC, GIC, etc.):** TDS is not applicable on payment of dividend to these insurance entities which are given exemption under proviso to section 194 of Income Tax Act, 1961. Such Insurance entities should provide a self-declaration that they are engaged in insurance business with a self-attested copy of PAN card and registration certificate with Insurance Regulatory and Development Authority (IRDA).
- **Mutual Funds:**: In terms of section 196, TDS is not applicable on payment of dividend to Mutual Funds covered under section 10(23D) of Income Tax Act, 1961. Such Mutual Funds should provide a self-declaration that they are covered under Section 10 (23D) of the Income Tax Act, 1961, with a self-attested copy of PAN card and registration certificate.
- **Indian Government entities:**In terms of section 196, TDS is not applicable on payment of dividend to Government entities (Central or State). Such Government entities should provide a documentary evidence for the same. It may be noted that Public Sector Undertakings (PSUs) donot characterize as Government.
- **Corporation established by or under a Central Act which is exempt from Income-Tax on its income:**In terms of section 196, TDS is not applicable on payment of dividend to a corporation established by or under a Central Act which is exempt from Income-Tax on its income. Such corporations should provide a documentary evidence for the aforesaid.
- **Alternate investment fund (category – I & II):**TDS is not applicable on payment of dividend to Alternate investment fund (category – I & II), covered by Notification No. 51/2015 dated June 25, 2015, where dividend is exempt under section 10(23FBA) and this entity is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012. Such entities should provide a self-attested copy certificate of registration as a Category I or a Category II Alternative Investment Fund with PAN.
- **Persons who have obtained a certificate under section 197 of the Income-Tax Act:** TDS would be done as per the lower or nil rate that may be mentioned in the certificate under section 197 of the Act. The certificate furnished to the Company should specifically mention the nature of income as dividend, amount expected and the payer as ASK Automotive Limited.
- **Other persons who may be exempt under any other provisions under the Income Tax Act:**The Company, in absence of any express dispensation in the statute, would generally do a TDS on dividend payments to such persons so as to comply the provisions of the Income Tax Act and get into any litigation. However, in a case where a shareholder furnishes - a) relevant documentation to suggest that it is exempt from tax; and b) a specific notification/ circular issued by the CBDT stating that TDS should not be done on payments to such a shareholder, the Company, basis the advise from its tax team, would decide whether tax deduction is required.

### Q5. Deduction of TDS by NIL/ lower rate

If you have obtained lower/NIL deduction certificate under Section 197 from Income Tax department, kindly share copy of the same by e-mail to askdivtax@linkintime.co.in or upload the documents on https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html latest by 11:59 p.m. (IST) on Friday, 2 August 2024, to apply lower/NIL TDS rate as mentioned in such certificate.

### Q6. What is the timeline to submit all of above mentioned Annexures or any other relevant document?

All of the documents duly signed/certified should be sent either by e-mail to askdivtax@linkintime.co.in or may be uploaded on https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html latest by 11:59 p.m. (IST) on Friday, 2 August 2024. Failure to do so, will attract higher TDS rates as mentioned in the above paragraphs.

All the necessary documents, as aforesaid, shall be sent through your registered email only.

If the tax on dividend is deducted at a higher rate in absence of receipt of or satisfactory completeness of the afore-mentioned details/documents, then the shareholder may claim an appropriate refund in their return of income filed with their respective Tax authorities.

**Q7. How can I get Information on tax deducted on my dividend income?**

- The Company will arrange to email a soft copy of the TDS certificate at the shareholders registered email ID in due course. Please ensure your correct email Id is updated in your demat account. If not, please get it updated as soon as possible as prescribed above for PAN card updation

- Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their Income Tax e-filing accounts by following below process:-

  (i) Login your tax account with user id and Password to https://www.incometaxindiaefiling.gov.in
  (ii) Go to My Account Tab and select option View Form 26AS (Tax Credit)
  (iii) Confirm the page and agree with terms and conditions
  (iv) Now click on View Tax Credit (Form 26AS)
  (v) Select Assessment Year 2025-26 and select view as HTML and then press the button on view/download
  (vi) You will get your Form 26AS where you can see your TDS credit on dividend.
- Please note, TDS 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.

**Q8. For your queries:**

In case of any other query (if any), Please write us at compliance@askbrake.com

## Non–Resident in India

**Q1. What is the rate of withholding tax on dividend declared and 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 the Act. However, where non-resident shareholder is eligible to claim the tax treaty benefit and the tax rate provided in respective tax treaty is beneficial than rate as per tax treaty would be applied. In order to avail tax treaty benefits, non-resident shareholders would be required to submit certain documents.

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

**Q2. What is the applicable rate of surcharge for non-resident shareholders (including FIIs/FPIs)?**

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

For Non-resident Individuals the rate of surcharge is as under:

| INCOME SLAB | RATE OF SURCHARGE |
|---|---|
| more than INR 50 Lacs but not exceeding INR 1 Crore | 10% |
| INR 1 Crore to 2 Crore | 15% |
| INR 2 Crore to 5 Crore | 25% |
| INR 5 Crore to above | 37% |

For Non-resident other than Individuals the rate of surcharge is as under:

- For recipient is non-domestic Company the rate of surcharge is as under:

| **Income Slab** | RATE OF SURCHARGE |
|---|---|
| more than INR 1 Crore but not exceeding INR 10 Crores | 2% |
| above INR 10 Crores | 5% |

- For recipient is non-resident firm the rate of surcharge is as under:

| **Income Slab** | RATE OF SURCHARGE |
|---|---|
| below 1 crore | Nil |
| Above 1 crore | 12% |

*4% cess is applicable in all above cases (Tax+Surcharge)

**Q3. Who are 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?**

Non-resident shareholders (including FIIs/FPIs) who are tax residents of countries which have signed Double Taxation Avoidance Agreement with India are eligible for a relief of concessional rate of TDS as per the Tax Treaty (if any).

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

1. Tax Residency Certificate for the year in which dividend is received (to be issued by Revenue / Tax authorities of home country)
2. Form 10F to be filled and downloaded from the website of Income Tax Authority at https://www.incometax.gov.in/iec/foportal/
3. Self Declaration for the year in which dividend is received. Principally, following should be covered in the self -declaration

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

**Q4 Deduction of TDS by NIL/lower rate**

If you have obtained NIL/ lower deduction certificate under section 197 from Income Tax department kindly upload the documents on https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html latest by 05:00 p.m. (IST) on Friday, 18 July 2025 to apply NIL/ lower TDS rate as mentioned in such certificate.

**Q5. What is the timeline to submit all of above mentioned Annexures or any other relevant document?**

All of the documents duly signed/certified should be uploaded on https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html latest by 05:00 p.m. (IST) on Friday, 18 July 2025. Failure to do so, will attract higher TDS rates as mentioned in the above paragraphs.

All the necessary documents, as aforesaid, shall be sent through your registered email only.

If the tax on dividend is deducted at a higher rate in absence of receipt of or satisfactory completeness of the afore-mentioned details/documents, then the shareholder may claim an appropriate refund in their return of income filed with their respective Tax authorities.

**Q6. How can I get Information on tax deducted on my dividend income?**

- The Company will arrange to email a soft copy of the TDS certificate at the shareholders registered email ID in due course. Please ensure your correct email Id is updated in your demat account /physical folio. If not, please get it updated as soon as possible as prescribed above for PAN card updation

- Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their Income Tax e-filing accounts by following below process:-

    - (i) Login your tax account with user id and Password to https://www.incometaxindiaefiling.gov.in
    - (ii) Go to My Account Tab and select option View Form 26AS (Tax Credit)
    - (iii) Confirm the page and agree with terms and conditions
    - (iv) Now click on View Tax Credit (Form 26AS)
    - (v) Select Assessment Year 2025-26 and select view as HTML and then press the button on view/download
    - (vi) You will get your Form 26AS where you can see your TDS credit on dividend.

- Please note, TDS 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.

**Q7. For your queries:**

In case of any other query (if any), Please write us at compliance@askbrake.com