

Ref: NBC/S/97/2020/2555

Date: 27.11.2020

**KIND ATTENTION: SHAREHOLDERS**

**Sub.: Tax on Dividend**

In terms of the provisions of the Income Tax Act, 1961(the Act) as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1<sup>st</sup> April, 2020 is taxable in the hands of the Members. The Company is, therefore, required to deduct tax at source at the time of payment of dividend to the Members.

**For Resident Shareholders**

Tax will be deducted at source ("TDS") under Section 194 of the Act (read with Press Release dated May 13, 2020) @ 7.5% on the amount of dividend payable unless exempted under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during FY 2020-21 does not exceed Rs.5,000/-. The shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode), if PAN is not submitted, Tax at source will be deducted @ 20% as per provisions of Section 206AA of the Income tax Act, 1961.

Tax at source will not be deducted where a member provides Form 15G (applicable to individual in case of dividend) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. **[Click here to download the blank Form 15G/Form 15H.](#)**

In accordance with the provisions of Section 197 of the Act, tax will be deducted at a Lower/NIL rate as per the certificate obtained from Tax Authority, subject to furnishing a self-attested copy of the same. The certificate should be valid for the FY 2020-21 and should cover the dividend income.

In order to provide exemption from withholding tax, the following organisations must provide the details, as listed below:

- i. **Insurance Companies:** A self-declaration that it has full beneficial interest with respect to the shares owned along with Self attested copy of PAN card and copy of registration certificate issued by the IRDAI.
- ii. **Mutual Funds:** A self-declaration that they are specified in Section 10(23D) of the Act along with self-attested copy of PAN card and registration certificate.

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नालको भवन, नयापल्ली, भुवनेश्वर -751 013 भारत

CIN # L27203OR1981GOI000920

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iii. **Alternative Investment Fund (AIF) established in India:** A self-declaration that they are specified in Section 10 (23FBA) of the Act and established as Category I or Category II AIF under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI.

### **For Non-Resident Shareholders:-**

- Tax is required to be withheld in accordance with the provisions of Section 195 of the Act at applicable rates in force. As per the provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.
- As per section 90 of the Act, the non-resident shareholder has an option to apply provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to such shareholder. To avail the benefits of DTAA, the non-resident shareholder will have to provide the following documents:-
  - Self-attested copy of Permanent Account Number ('PAN') allotted by the Indian tax authorities;
  - Self-attested copy of Tax Residency Certificate ('TRC') issued by the tax authorities of the country of which shareholder is tax resident, evidencing and certifying shareholder's tax residency status during FY 2020-21;
  - Completed and duly signed Self-Declaration in [Form 10F; \(Click here to download\)](#)
  - **Self-declaration (Click here to download)** in the prescribed format primarily certifying on the following points:-
    - Shareholder is and will continue to remain a tax resident of the country of its residence during FY 2020-21;
    - Shareholder is the beneficial owner of the shares and entitled to receive the dividend from the Company;
    - Shareholder qualifies as 'person' as per DTAA and is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
    - Shareholder has no permanent establishment / business connection / place of effective management in India;
    - Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction on dividend paid to shareholders. Application of beneficial DTAA rate shall

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depend upon the completeness and satisfactory review by the Company/RTA, of the documents submitted by Non- Resident shareholder.

- Where the PAN is either not available or is invalid, DTAA benefit shall not be granted and tax shall be deducted at the prescribed rate or 20%, whichever is higher.
- Notwithstanding the above, in case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Income Tax Act.
- Where a shareholder furnishes lower / Nil withholding tax certificate u/s. 197 of the Act, TDS will be deducted as per the rates prescribed in such certificate.

### **For all Shareholders:-**

To enable the Company/RTA to determine the appropriate TDS / withholding tax rate applicable, all members are requested to provide the above details and documents not later than 2<sup>nd</sup> December, 2020.

The aforementioned documents can be uploaded in RTA's website at the link <https://ris.kfintech.com/form15>. Kindly note that where the requisite documents furnished by the shareholders are incomplete or not properly executed, DTAA benefit / lower rate benefit shall not be granted and tax shall be deducted @ 20% (plus surcharge and cess, wherever applicable). In case the requisite documents are submitted by the shareholders through his/her registered email, the Company has full right to demand for the original documents and the shareholders undertake to abide by such request. Documents received by Registered Post or from registered email ID will only be accepted. In case of joint shareholders, the shareholder named first in the Register of Members shall furnish the requisite documents for claiming any beneficial tax rate applicability. No communication on the tax determination/ deduction shall be considered after 2<sup>nd</sup> December, 2020.

The Company/RTA will arrange to email a soft copy of TDS certificate to the shareholders at their registered email IDs, in due course after payment of the dividend.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from them by stipulated date, option is available to them to file the return of income as per Act and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

While on the subject, all shareholders, holding shares in the electronic mode are requested to submit / update their bank account details with respective Depository Participants. Similarly, shareholders holding shares in physical mode, are requested to update the bank

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particulars with the RTA. This will facilitate receipt of dividend directly into their bank account.

**Note: Please always quote registered Folio Number/DP ID & Client ID, PAN, while communicating/submitting documents as mentioned above with the Company/RTA. Please ensure to send all communication in this regard to email id of RTA i.e. ([einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) / [ramdas.g@kfintech.com](mailto:ramdas.g@kfintech.com)) or to their address as follows:**

**KFin Technologies Private Limited  
Unit: National Aluminium Company Ltd.  
Karvy Selenium Tower B, Plot No.31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad-500032.**

We solicit cooperation of shareholders in this regard.

**For National Aluminium Company Limited**

Sd/-  
**(N K NOHANTY)  
COMPANY SECRETARY**

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