

FAQs ON TDS PAYABLE ON DIVIDEND INCOME

1. I am a resident individual shareholder. Will my dividend be subject to TDS?

Effective April 1, 2020, the dividend income is taxable in the hands of shareholders. Accordingly, if any resident individual shareholder is in receipt of Dividend exceeding Rs. 5,000 in a fiscal year, entire dividend will be subject to TDS @ 10% provided you have updated your Permanent Account Number (PAN), otherwise the TDS rate will be 20%. In case the dividend is not exceeding Rs 5,000 in a fiscal year to resident individual shareholder then no tax will be deducted from the dividend.

Members are requested to note that in case their PAN is not registered or having invalid PAN or they are Specified Person as defined under section 206AB of the Income Tax Act ("the Act"), the tax will be deducted at a higher rate prescribed under section 206AA or 206AB of the Act, as applicable.

2. I am resident shareholder but not an individual. Will the dividend be subject to TDS?

Yes, the entire dividend will be subject to TDS for non-individual resident shareholders without any threshold limit. The tax deduction rate will be 10% provided the PAN is updated with the company or the depository and you are not falling under 'specified person' category as defined u/s 206AB of the Act as stated above, otherwise the TDS rate will be 20%.

3. Is the above rate of 10% or 20% as the case be increased by surcharge and cess?

In case of resident shareholders, the rate of TDS would not be increased by surcharge and cess.

4. I am a resident individual and my dividend receipt is subject to TDS but tax on my estimated total income of the previous year after including this dividend income on which tax is to be deducted will be nil. Can the I request the company not to deduct tax at source and to pay the amount without deduction of tax at source?

Yes, you will have to furnish a declaration in Form No. 15G/15H, as the case may be, online at <https://ris.kfintech.com/form15/forms.aspx?q=0> on or before Wednesday, 12th July, 2023.

5. From where can I download the Form 15G / 15H and submit the same for non-deduction of tax?

Please download form 15G/15H here:

- [15G](#)
- [15H](#)

To avail the benefit of non-deduction of tax at source, Members may submit the details online at <https://ris.kfintech.com/form15/forms.aspx?q=0> on or before Wednesday, 12th July, 2023

6. What is the last date by which the form 15G/15H is to be submitted for non-deduction of tax on dividend?

To avail the benefit of non-deduction of tax at source, Members to submit the details online at <https://ris.kfintech.com/form15/forms.aspx?q=0> on or before Wednesday, 12th July, 2023

7. Where does the shareholder need to update the 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 held in Physical form in prescribed [Form ISR-1](#) to be submitted to KFin Technologies Limited (KFin), Registrar & share Transfer Agent.

8. 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. In case of dividend to a non-resident shareholder having permanent establishment in India, falling under 'specified person' category u/s 206AB of the Act, will be subject to withholding at twice the applicable rate. 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.

9. Is the above rate of 20% mentioned in Question no. 8, increased by surcharge and cess?

Yes, in case of non-resident shareholders the rate of 20% would be increased by applicable Surcharge and Cess based on the status of the non-resident.

10. 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% |
| above INR 1 Crore | 15% |

For Non-resident other than Individuals 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% |

11. 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 Members [including Foreign Institutional Investors (FIIs)/Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this

purpose the Members may submit the above documents at <https://ris.kfintech.com/form15/forms.aspx?q=0>.

The aforesaid declarations and documents need to be submitted by the Members on or before Wednesday, 12th July, 2023.

12. How can a shareholder know the quantum of tax deducted from his dividend income by the company?

Shareholders can use the “View Your Tax Credit” (Form 26AS) facility available at www.incometax.gov.in. Please note the credit in form 26AS shall be reflected after TDS statement filed by company on a quarterly basis is processed by tax authority. Below are the navigation steps to be followed:

1. Go to the 'My Account' menu, click 'View Form 26AS (Tax Credit)' link.
2. Read the disclaimer, click 'Confirm' and the user will be redirected to TDS-CPC Portal.
3. In the TDS-CPC Portal, Agree the acceptance of usage, and click on 'Proceed'.
4. Click 'View Tax Credit (Form 26AS)'