

TDS on Dividend

Pursuant to the amendments introduced in the Income-tax Act, 1961 ('the Act') vide Finance Act, 2020, w.e.f. April 1, 2020, dividend declared, paid or distributed by a Company on or after April 1, 2020, shall be taxable in the hands of the shareholders. The Company shall, therefore, be required to deduct TDS/ Withholding Tax (TDS/WHT) at the time of payment of dividend at the applicable tax rates. The rates of TDS/ WHT would depend upon the category and residential status of the shareholder as briefed hereunder:

A. Tax on Dividend to Resident Shareholders

I. Tax on dividend amount to Resident Individual Shareholders

- a) Tax shall not be deducted on payment of dividend to **Resident Individual Shareholder**, if the total amount of dividend payable during the financial year does not exceed Rs.5,000/-
- b) Tax to be deducted on payment of dividend to Resident Individual Shareholder, if the total amount of dividend payable during the financial year exceeds Rs.5,000/-:

| Category of shareholder | Applicable tax rate | Documents required to be submitted |
|--|---------------------|--|
| Resident individual shareholders with PAN | 10% | PAN to be updated with Depository Participant / RTA. |
| Resident individual shareholders without PAN / invalid PAN | 20% | NA |

- c) Resident Individual Shareholders, desires to avail exemption from deduction of tax on payment of dividend exceeding Rs.5,000/- during the financial year:

| Category of shareholder | Applicable tax rate | Documents required to be submitted |
|---|---------------------|--|
| Resident Individual shareholders with PAN | Nil | Copy of PAN card Declaration in Form 15G (for individuals with no tax liability on total income). Declaration in Form 15H (for individuals above the age of 60 years with no tax liability on total income). |

II. Tax on dividend amount to Resident Non-Individual Shareholders

Tax on dividend payable during the financial year to Resident Non-Individual Shareholders shall be deducted either @ 10% or lower rates. They can avail exemption from TDS by submission of following documents:

| Category of shareholder | Applicable tax rate | Documents required to be submitted |
|---|---------------------|---|
| Mutual Fund specified under Section 10(23D) of the Income Tax Act, 1961 (the Act) | Nil | Copy of self attested PAN Declaration under 10(23D) of the Act. |
| An Insurance Company exempted under Section 194 of the Act | Nil | Copy of self attested PAN Declaration qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938. |
| Alternate Investment Fund (AIF established in India) | Nil | Copy of self attested PAN Declaration under section 10(23FBA) of the Act for exemption and registration certificates for either Category I or Category II AIF as per SEBI Regulations. |
| Other Non-Individual shareholders | Nil | Copy of self attested PAN Declaration along with self-attested copy of documentary evidence supporting the exemption. |
| Shareholders who have submitted order u/s 197 of the Act | As per order | Copy of self attested PAN Lower withholding tax certificate for the FY 2021-22 obtained from tax authority to be submitted to claim the lower tax rates. |

B. Tax on Dividend to Non-Resident Shareholders

Tax deductible at source / withholding tax on payment of dividend during the financial year to Non-Resident Shareholders shall as follows:

Non-resident shareholders shall be taxed @ 20% plus applicable surcharge and cess on the dividend payable during the financial year. They can avail beneficial rates under tax treaty between India and their country of residence, subject to submission of 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.

Format for submission of various declarations mentioned above are annexed herewith.

C. SPECIAL PROVISIONS OF SECTION 206AB OF THE ACT

(For non-filers of tax return - For resident shareholders and selected non-resident shareholders)

The Finance Act, 2021 has inter alia inserted the provisions of section 206AB of the Act which introduces special provisions for TDS in respect of non-filers of income-tax return with effect from 1st July 2021. The term 'specified person' is defined in sub section (3) of section 206AB and covers the persons who satisfy the following conditions:

- A person who has not filed the income tax return for two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and
- The aggregate of TDS and TCS in his case is Rs.50,000 or more in each of these two previous years.

TDS is required to be deducted at higher of following rates in case of payments to specified persons:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%

FORM NO. 10F

[See sub-rule (1) of rule 21AB]

**Information to be provided under sub-section (5) of section 90 or
sub-section (5) of section 90A of the Income-tax Act, 1961**

I, *son/daughter of Shri..... in the capacity of (designation) do provide the following information, relevant to the previous year..... *in my case/in the case of..... for the purposes of sub-section (5) of *section 90/section 90A:—

| <i>Sl.No</i> | <i>Nature of information</i> | <i>:</i> | <i>Details #</i> |
|--------------|--|----------|------------------|
| (i) | Status (individual, company, firm etc.) of the assessee | : | |
| (ii) | Permanent Account Number or Aadhaar Number of the assessee if allotted | : | |
| (iii) | Nationality (in the case of an individual) or Country or specified territory of incorporation or registration (in the case of others) | : | |
| (iv) | Assessee's tax identification number in the country or specified territory of residence and if there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident | : | |
| (v) | Period for which the residential status as mentioned in the certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A is applicable | : | |
| (vi) | Address of the assessee in the country or territory outside India during the period for which the certificate, mentioned in (v) above, is applicable | : | |

2. I have obtained a certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A from the Government of (name of country or specified territory outside India)

Signature:

Name:

Address:

Permanent Account Number or Aadhaar Number

Verification

I do hereby declare that to the best of my knowledge and belief what is stated above is correct, complete and is truly stated.

Verified today the day of.....

.....
Signature of the person providing the information

Place:

Notes :

1. *Delete whichever is not applicable.
2. #Write N.A. if the relevant information forms part of the certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A.

INCOME-TAX RULES, 1962

FORM NO. 15G

[See section 197A(1), 197A(1A) and rule 29C]

Declaration under section 197A(1) and section 197A(1A) to be made by an individual or a person (not being a company or firm) claiming certain incomes without deduction of tax

PART I

| | | | | |
|--|--|---|---------------------------------------|--------------------------------|
| 1. Name of Assessee (Declarant) | | 2. PAN of the Assessee ¹ | | |
| 3. Status ² | 4. Previous year(P.Y.) ³ (for which declaration is being made) | | 5. Residential Status ⁴ | |
| 6. Flat/Door/Block No. | 7. Name of Premises | 8. Road/Street/Lane | 9. Area/Locality | |
| 10. Town/City/District | 11. State | 12. PIN | 13. Email | |
| 14. Telephone No. (with STD Code) and Mobile No. | 15 (a) Whether assessed to tax under the Income-tax Act, 1961 ⁵ : | | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| | (b) If yes, latest assessment year for which assessed | | | |
| 16. Estimated income for which this declaration is made | | 17. Estimated total income of the P.Y. in which income mentioned in column 16 to be included ⁶ | | |
| 18. Details of Form No. 15G other than this form filed during the previous year, if any ⁷ | | | | |
| Total No. of Form No. 15G filed | | Aggregate amount of income for which Form No.15G filed | | |
| 19. Details of income for which the declaration is filed | | | | |
| Sl. No. | Identification number of relevant investment/ account, etc. ⁸ | Nature of income | Section under which tax is deductible | Amount of income |
| | | | | |

.....
*Signature of the Declarant*⁹

Declaration/Verification¹⁰

*I/We..... do hereby declare that to the best of *my/our knowledge and belief what is stated above is correct, complete and is truly stated. *I/We declare that the incomes referred to in this form are not includible in the total income of any other person under sections 60 to 64 of the Income-tax Act, 1961. *I/We further declare that the tax *on my/our estimated total income including *income/incomes referred to in column 16 *and aggregate amount of *income/incomes referred to in column 18 computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on relevant to the assessment year will be *nil*. *I/We also declare that *my/our *income/incomes referred to in column 16 *and the aggregate amount of *income/incomes referred to in column 18 for the previous year ending on relevant to the assessment year will not exceed the maximum amount which is not chargeable to income-tax.

Place:

Date:

.....
*Signature of the Declarant*⁹

1. Substituted by IT (Fourteenth Amdt.) Rules 2015, w.e.f. **1-10-2015**. Earlier Form No. 15G was inserted by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 21-6-1982 and later on amended by the IT (Fifth Amdt.) Rules, 1989, w.r.e.f. 1-4-1988, IT (Fourteenth Amdt.) Rules, 1990, w.e.f. 20-11-1990 and IT (Twelfth Amdt.) Rules, 2002, w.e.f. 21-6-2002 and substituted by the IT (Eighth Amdt.) Rules, 2003, w.e.f. 9-6-2003 and IT (Second Amdt.) Rules, 2013, w.e.f. 19-2-2013.

PART II

[To be filled by the person responsible for paying the income referred to in column 16 of Part I]

| | | | |
|---|---|--|---|
| 1. Name of the person responsible for paying | | 2. Unique Identification No. ¹¹ | |
| 3. PAN of the person responsible for paying | 4. Complete Address | | 5. TAN of the person responsible for paying |
| 6. Email | 7. Telephone No. (with STD Code) and Mobile No. | | 8. Amount of income paid ¹² |
| 9. Date on which Declaration is received (DD/MM/YYYY) | | 10. Date on which the income has been paid/credited (DD/MM/YYYY) | |
| | | | |

Place: Signature of the person responsible for paying

Date: the income referred to in column 16 of Part I

*Delete whichever is not applicable.

¹As per provisions of section 206AA(2), the declaration under section 197A(1) or 197A(1A) shall be invalid if the declarant fails to furnish his valid Permanent Account Number (PAN).

²Declaration can be furnished by an individual under section 197A(1) and a person (other than a company or a firm) under section 197A(1A).

³The financial year to which the income pertains.

⁴Please mention the residential status as per the provisions of section 6 of the Income-tax Act, 1961.

⁵Please mention "Yes" if assessed to tax under the provisions of Income-tax Act, 1961 for any of the assessment year out of six assessment years preceding the year in which the declaration is filed.

⁶Please mention the amount of estimated total income of the previous year for which the declaration is filed including the amount of income for which this declaration is made.

⁷In case any declaration(s) in Form No. 15G is filed before filing this declaration during the previous year, mention the total number of such Form No. 15G filed along with the aggregate amount of income for which said declaration(s) have been filed.

⁸Mention the distinctive number of shares, account number of term deposit, recurring deposit, National Savings Schemes, life insurance policy number, employee code, etc.

⁹Indicate the capacity in which the declaration is furnished on behalf of a HUF, AOP, etc.

¹⁰Before signing the declaration/verification, the declarant should satisfy himself that the information furnished in this form is true, correct and complete in all respects. Any person making a false statement in the declaration shall be liable to prosecution under section 277 of the Income-tax Act, 1961 and on conviction be punishable-

(i) in a case where tax sought to be evaded exceeds twenty-five lakh rupees, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment which shall not be less than three months but which may extend to two years and with fine.

¹¹The person responsible for paying the income referred to in column 16 of Part I shall allot a unique identification number to all the Form No. 15G received by him during a quarter of the financial year and report this reference number along with the particulars prescribed in

rule 31A(4)(vii) of the Income-tax Rules, 1962 in the TDS statement furnished for the same quarter. In case the person has also received Form No.15H during the same quarter, please allot separate series of serial number for Form No.15G and Form No.15H.

¹²The person responsible for paying the income referred to in column 16 of Part I shall not accept the declaration where the amount of income of the nature referred to in sub-section (1) or sub-section (1A) of section 197A or the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to tax. For deciding the eligibility, he is required to verify income or the aggregate amount of incomes, as the case may be, reported by the declarant in columns 16 and 18.

¹FORM NO. 15H

[See section 197A(1C) and rule 29C]

Declaration under section 197A(1C) to be made by an individual who is of the age of sixty years or more claiming certain incomes without deduction of tax.**PART I**

| | | | | | |
|---|---|--|--|--|----|
| 1. Name of Assessee (Declarant) | | 2. Permanent Account Number or Aadhaar Number of the Assessee ¹ | | 3. Date of Birth ² (DD/MM/YYYY) | |
| 4. Previous year(P.Y.) ³ (for which declaration is being made) | | 5. Flat/Door/Block No. | | 6. Name of Premises | |
| 7. Road/Street/Lane | | 8. Area/Locality | | 9. Town/City/District | |
| | | | | 10. State | |
| 11. PIN | 12. Email | | 13. Telephone No. (with STD Code) and Mobile No. | | |
| | | | | | |
| 14 (a) Whether assessed to tax ⁴ : | | | | Yes | No |
| (b) If yes, latest assessment year for which assessed | | | | | |
| 15. Estimated income for which this declaration is made | | | | | |
| 16. Estimated total income of the P.Y. in which income mentioned in column 15 to be included ⁵ | | | | | |
| 17. Details of Form No.15H other than this form filed for the previous year, if any ⁶ | | | | | |
| Total No. of Form No.15H filed | | Aggregate amount of income for which Form No.15H filed | | | |
| | | | | | |
| 18. Details of income for which the declaration is filed | | | | | |
| Sl. No. | Identification number of relevant investment/account, etc. ⁷ | Nature of income | Section under which tax is deductible | Amount of income | |
| | | | | | |

.....
Signature of the Declarant

1. Substituted by the IT (Fourteenth Amdt.) Rules, 2015, w.e.f. **1-10-2015**. Earlier Form No. 15H was amended by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 21-6-1982, IT (Fifth Amdt.) Rules, 1989, w.r.e.f. 1-4-1988, IT (Fourteenth Amdt.) Rules, 1990, w.e.f. 20-11-1990, IT (Twelfth Amdt.) Rules, 1992, w.e.f. 1-6-1992, IT (Seventh Amdt.) Rules, 1995, w.e.f. 1-7-1995, IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999, IT (Twelfth Amdt.) Rules, 2002, w.e.f. 21-6-2002, IT (Eighth Amdt.) Rules, 2003, w.e.f. 9-6-2003, IT (Fourteenth Amdt.) Rules, 2003, w.e.f. 1-8-2003 and IT (Second Amdt.) Rules, 2013, w.e.f. 19-2-2013.

Declaration/Verification⁸

I do hereby declare that I am resident in India within the meaning of section 6 of the Income-tax Act, 1961. I also hereby declare that to the best of my knowledge and belief what is stated above is correct, complete and is truly stated and that the incomes referred to in this form are not includible in the total income of any other person under sections 60 to 64 of the Income-tax Act, 1961. I further declare that the tax on my estimated total income including *income/incomes referred to in column 15 *and aggregate amount of *income/incomes referred to in column 17 computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on relevant to the assessment year will be *nil*.

Place:

.....

Date:

Signature of the Declarant

PART II

[To be filled by the person responsible for paying the income referred to in column 15 of Part I]

| | | | |
|--|---|--|---|
| 1. Name of the person responsible for paying | | 2. Unique Identification No. ⁹ | |
| | | | |
| 3. Permanent Account Number or Aadhaar Number of the person responsible for paying | 4. Complete Address | | 5. TAN of the person responsible for paying |
| | | | |
| 6. Email | 7. Telephone No. (with STD Code) and Mobile No. | 8. Amount of income paid ¹⁰ | |
| | | | |
| 9. Date on which Declaration is received (DD/MM/YYYY) | | 10. Date on which the income has been paid/credited (DD/MM/YYYY) | |
| | | | |

Place:

.....

Date:

Signature of the person responsible for paying the income referred to in column 15 of Part I

*Delete whichever is not applicable.

1. As per provisions of section 206AA(2), the declaration under section 197A(1C) shall be invalid if the declarant fails to furnish his valid Permanent Account Number or Aadhaar Number.
2. Declaration can be furnished by a resident individual who is of the age of 60 years or more at any time during the previous year.
3. The financial year to which the income pertains.
4. Please mention “Yes” if assessed to tax under the provisions of Income-tax Act, 1961 for any of the assessment year out of six assessment years preceding the year in which the declaration is filed.
5. Please mention the amount of estimated total income of the previous year for which the declaration is filed including the amount of income for which this declaration is made.
6. In case any declaration(s) in Form No. 15H is filed before filing this declaration during the previous year, mention the total number of such Form No. 15H filed along with the aggregate amount of income for which said declaration(s) have been filed.
7. Mention the distinctive number of shares, account number of term deposit, recurring deposit, National Savings Schemes, life insurance policy number, employee code, etc.
8. Before signing the declaration/verification, the declarant should satisfy himself that the information furnished in this form is true, correct and complete in all respects. Any person making a false statement in the declaration shall be liable to prosecution under section 277 of the Income-tax Act, 1961 and on conviction be punishable—

- (i) in a case where tax sought to be evaded exceeds twenty-five lakh rupees, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine;
- (ii) in any other case, with rigorous imprisonment which shall not be less than three months but which may extend to two years and with fine.

9. The person responsible for paying the income referred to in column 15 of Part I shall allot a unique identification number to all the Form No. 15H received by him during a quarter of the financial year and report this reference number along with the particulars prescribed in rule 31A(4)(vii) of the Income-tax Rules, 1962 in the TDS statement furnished for the same quarter. In case the person has also received Form No.15G during the same quarter, please allot separate series of serial number for Form No.15H and Form No.15G.

10. The person responsible for paying the income referred to in column 15 of Part I shall not accept the declaration where the amount of income of the nature referred to in section 197A(1C) or the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to tax after allowing for deduction(s) under Chapter VI-A, if any, or set off of loss, if any, under the head “income from house property” for which the declarant is eligible. For deciding the eligibility, he is required to verify income or the aggregate amount of incomes, as the case may be, reported by the declarant in columns 15 and 17.

¹**[Provided that such person shall accept the declaration in a case where income of the assessee, who is eligible for rebate of income-tax under section 87A, is higher than the income for which declaration can be accepted as per this note, but his tax liability shall be nil after taking into account the rebate available to him under the said section 87A.]**

1. Inserted by Income-tax (4th Amendment) Rules, 2019, w.e.f. **22-5-2019**.