

COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

Dear Member,

We are pleased to inform you that the Board of Directors at their meeting held on 29th May, 2023 have recommended a dividend of Rs. 8/- per Equity Share of Rs. 10/- for the financial year ended 31st March, 2023. The dividend, if approved, will be paid to the members of the Company after approval at the Annual General Meeting of the Company scheduled to be held on Saturday, 23rd September, 2023. The dividend will be paid to those members, whose name shall appear in the Register of Members or in the Register of Beneficial Owners maintained by the depositories, as at the close of business hours on Saturday, 16th September, 2023 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

In terms of the provisions of the Income- tax Act, 1961 (the Act), as amended by the Finance Act, 2020, dividends 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 tax at source at the time of making the payment of dividend at the rates applicable to each category of shareholder.

This communication provides the applicable Tax Deduction at source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories.

I. For Resident Shareholders:-

Sl. No.	Particulars	Tax Rate	Documents Required
1.	Individual Shareholder receiving aggregate of total dividend not exceeding Rs. 5000 during FY 2023-24.	NIL	Not Applicable
2.	Shareholder with valid PAN (including individual shareholders receiving aggregate dividend in excess of Rs. 5000 FY 2023-24).	10%	Shareholders to update / verify their PAN and residential status as per the Act, if not already done, with the Depository Participant (if shares are held in DEMAT form) and with the Share Transfer Agent i.e., ABS Consultant Pvt Ltd (if shares are held in Physical form).

3.	Any resident individual Shareholder submitting Form 15G / Form 15H	NIL	a. Form 15G (applicable to individual below 60 years) / Form 15H (applicable to individual of 60 years or above) as applicable) b. Self-attested copy of PAN
4.	Shareholder not having valid PAN/ without registration of PAN	20%	Not Applicable
5.	Shareholder submitting certificate under Section 197 of the Act	Rate mentioned in the certificate	Self-attested copy of the certificate under Section 197 obtained from Income Tax Authority. The same should be valid for FY 2023-24 and should cover dividend income.
6.	Insurance Company under Section 194 of the Act.	NIL	a. Self-attested copy of PAN b. Copy of registration certificate issued by IRDAI c. Self-declaration that the shareholder has full beneficial interest with respect to the shares owned by it.
7.	Persons covered under Section 196 of the Act (Govt, RBI, Corporations established under Central Act and exempt from Income Tax, Mutual Fund under Section 10(23D))	NIL	a. Self-attested copy of PAN b. Copy of registration / exemption substantiating the applicability of Section 196 of the Act. c. Self-declaration in that the person is covered under Section 196 of the Act.
8.	Alternative Investment Fund (AIF) established in India	NIL	a. Self-attested copy of PAN b. Copy of registration certificate issued by SEBI c. Self-declaration that its dividend income is not chargeable under the head 'Profit and Gains of Business or Profession' and exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations.

		10%	This rate is applicable for Category III AIF
9.	New Pension System Trust:	NIL	Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the Act by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
10.	Any other entity entitled to exemption from TDS	NIL	Valid self-attested documentary evidence (e.g., copy of the relevant registration, notification, order, etc.) in support of the entity being entitled to TDS exemption.

Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP ID-Client ID is mandatory. If the PAN is not as per the database of the Income-Tax Portal, it would be considered as invalid PAN and in absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.

II. Non-Resident Shareholders:

Sl. No.	Particulars	Tax Rate	Documents Required
1.	TDS shall be Deducted/Withheld	20% (plus applicable surcharge and cess)	—
2.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	Self-Attested Copy of SEBI Registration Certificate.
3.	Other Non-resident shareholders (except those who are tax resident of Notified jurisdictional Area)	20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)	Shareholders to update / verify their PAN and residential status as per the Act, if not already done, with the Depository Participant (if shares are held in DEMAT form) and with the Registrar & Share Transfer Agent i.e., ABS Consultant Pvt Ltd.

			<p>To avail the lower rate, the following to be submitted:</p> <p>A. Self-attested copy of PAN, if any. If PAN is not available, information to be provided under Rule 37BC(2) of Income Tax Rules, 1962.</p> <p>B. Self-Attested copy of the Tax Residency Certificate (TRC) valid for FY 2023-24, obtained from the tax authorities of the country of which the shareholder is a resident.</p> <p>C. Duly filled and Signed Form 10F.</p> <p>D. Self-declaration from Non-resident, primarily covering the following:</p> <p>i) Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2023-24;</p> <p>ii) Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;</p> <p>iii) Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;</p> <p>iv) Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and</p> <p>v) Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2023-24.</p>
4.	Submitting certificate u/s 197 (i.e. lower or NIL withholding tax certificate)	Rate provided in	If lower/ NIL withholding tax certificate obtained from Income tax authority is submitted, tax will be withheld at the

		the certificate	rate specified in the said certificate, subject to furnishing a self-attested copy of the same.
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The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident member.

Tax shall be deducted at source at the rate of 20% (plus applicable surcharge, and health and education cess) on dividend payable to Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI). Such TDS rate shall not be reduced on account of the application of the beneficial DTAA Rate or lower tax deduction order, if any.

SECTION 206AB OF THE ACT

Rate of TDS @10% u/s 194 of the Act is subject to provisions of Section 206AB of the Act (effective from 1st July, 2021) which introduces special provisions for TDS in respect of taxpayers who have not filed their income-tax return (referred to as specified persons). U/s 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the specified persons:

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

In cases where Sections 206AA (higher rate of TDS at 20% in no PAN cases) and 206AB (non-filer of tax returns) are applicable i.e. the shareholder has not submitted the PAN as well as not filed the return, tax will be deducted at higher of the two rates prescribed in these sections.

"Specified person" as defined u/s 206AB(3) is someone who satisfies the following conditions:

1. If a shareholder has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired for which the time limit of filing original return of income has lapsed.

and

2. TDS deducted in his case in the aforesaid previous year exceeded Rs. 50,000.

Non-resident shareholders who do not have permanent establishment in India are excluded from the scope of a "specified person".

Please note that the information regarding whether a shareholder is a specified person or not will be determined using the specified functionality of the Income Tax Department. Accordingly, it is advised that non-residents who have not filed their income tax returns in the past years, provide a declaration stating that they do not have a permanent establishment in India.

DECLARATION UNDER RULE 37BA:

In terms of Rule 37BA of the Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed in the Rules. We request you to provide these declarations in the prescribed form on or before September 16, 2023. Any documents submitted after the said date shall not be considered.

III. Submission of documents and other matters:

- a. Only scanned copy of the documents such as PAN, Forms 15G/15H/10F/Self-declaration/documentary evidences etc. are required to be sent vide email at absconsultant99@gmail.com on or before the 16th September, 2023. Soft copy of Form 15G/15H/10F and self-declaration are available at the Company's website www.scottishassam.com.
- b. Please update/verify your PAN and the residential status as per IT Act, if not done so already, with your respective Depository Participant(s) (in case of shares held in dematerialised form) and with the Company's Registrar and Share Transfer Agent, M/s ABS Consultant Pvt Ltd (in case of shares held in physical form) at absconsultant99@gmail.com on or before, 16th September, 2023.
- c. TDS will be calculated based on details of first holder / registered member / beneficial owner only as appearing on Record Date. Once TDS is deducted, no transfer of such TDS in the name of another person shall be entertained under any circumstances.
- d. TDS certificate will be sent to the members' registered email address in due course after payment of dividend and filing of TDS Return. Members will also be able to view the TDS details in Form 26AS by login to <https://www.incometax.gov.in> provided that valid PAN is registered with the Company/Depository Participant(s).
- e. TDS on dividend payable on ordinary shares of the Company, which have been transferred to Investor Education and Protection Fund ('IEPF') in terms of Section 124(6) of the Companies Act, 2013 and Rules framed thereunder shall be determined on the basis of the shareholding of respective members entitled to those shares.
- f. In case of incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate. In case TDS is deducted at a higher rate, an option is still available with the member to file the return of income and claim an appropriate refund, if eligible. Once deducted, no claim shall lie against the Company in relation to TDS.
- g. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the

member(s), such member(s) will be responsible to indemnify the Company and also, provide the Company with all valid information / documents.

IV. Update your Bank Account details:

Members are requested to ensure that their bank account details are updated with the Registrar/Depository Participant(s) to get credit of dividend in their respective bank accounts. Members holding shares in physical form and who have not updated their bank accounts details are requested to send duly completed Form ISR-1 to the Company's Registrar and Share Transfer Agent, ABS Consultant Pvt Ltd.

In the covering letter, please mention name of the Company, Folio No., along with your name, address, email ID and mobile no.

V. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY

Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts. Accordingly, in order to enable us to determine the appropriate withholding tax rate applicable, we request you to provide these details and documents as mentioned, above, on or before 16.09.2023 to the Registrar and Transfer Agent ABS Consultant Pvt Ltd., "Stephen House", Room No. 99, 6th Floor, 4 B.B.D. Bag (East), Kolkata- 700 001 Telephone (033) 2230 1043. No communication on the tax determination / deduction shall be entertained post 16.09.2023. Shareholders holding shares in physical mode are requested to update their PAN, Bank Mandate, E-mail address and mobile number and other details in Form ISR-I with the Registrars and Transfer Agent of the Company at the above address. Shareholders holding shares in Demat mode are requested to update the same with their respective Depository Participant.

Shareholders can send the scanned copy of above said documents through e-mail at absconsultant99@gmail.com mentioning the name of the Company in the subject line of the e-mail.

Thanking You,

Yours Faithfully,

For The Scottish Assam (India) Limited

Sd/-

Ritu Bhatler

Company Secretary & Compliance Officer