



## Bajaj Auto Limited

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12<sup>th</sup> June 2023

Dear Shareholder,

**Subject: Communication on Tax Deduction at Source (TDS) on dividends**

We hope you and your family are doing well and are safe and healthy.

We wish to inform you that the Board of Directors of your Company has at its meeting held on 25<sup>th</sup> April 2023 recommended dividend of Rs. 140 per equity share of the face value of Rs. 10 each, for the financial year ended 31<sup>st</sup> March 2023.

The dividend, as recommended by the Board, if approved by the shareholders at the ensuing Annual General Meeting to be held on 25<sup>th</sup> July 2023, will be credited/ paid on 28<sup>th</sup> July 2023 to shareholders holding equity shares of the Company, on the record date, viz. 30<sup>th</sup> June 2023 as follows:

- a) To all those shareholders holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the close of business hours on the record date, viz. Friday, 30<sup>th</sup> June 2023; and
- b) To all those shareholders holding shares in physical form, as per the details provided to the Company by the share transfer agent of the Company, viz. KFin Technologies Limited. (KFin), as at the close of business hours on the record date, viz. Friday, 30<sup>th</sup> June 2023.

Accordingly, you are requested to ensure that the below details, as applicable to you, are submitted and/ or updated with KFin/ your demat account(s) maintained with the Depository participant(s):

- Valid Permanent Account Number (PAN);
- Residential status as per the Income-tax Act, 1961 ('the Act'), i.e. Resident or Non-Resident for FY 2023-24 (i.e. for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024);
- Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) – Category I, II or III, Government (Central/ State Government), Foreign Portfolio Investor (FPI)/ Foreign Institutional Investor (FII), Foreign Company, Individual (Resident or Non-Resident), Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, etc.;
- Email Address;
- Mobile number;
- Bank account details; and
- Address with PIN code (including country).

Following additional documents are to be submitted by the shareholders holding shares in physical form:

- Scanned copy of cancelled cheque leaf of the above-mentioned bank account (In case, the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested); and

- Self-attested copy of your PAN card.

This will facilitate receipt of dividend directly in your bank account.

As per the provisions of the Income-tax Act, 1961 ('the Act'), the Company is required to deduct Tax at Source ('TDS') in respect of approved payment of dividend to its shareholders (resident as well as non-resident). To give effect to the TDS provisions, the shareholders are required to provide/ upload with the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or <https://ris.kfintech.com/clientservices/isc/> the documents/ certificates/ declarations as stated in the ensuing paragraphs and corresponding Annexures latest by 10<sup>th</sup> July 2023.

No communication on the tax determination / deduction shall be entertained after the above-mentioned date.

### **Resident Shareholders:**

As the provisions of section 194 of the Act, tax is required to be deducted at source (TDS) at the rate of 10% in respect of payment to resident shareholders.

The aforesaid rate is subject to provisions of sections 206AA and 206AB of the Act, which contain special provisions for TDS in respect of persons who have not provided their PAN and in respect of non-filers of income-tax return, respectively.

As per the provisions of section 206AA of the Act, tax is required to be deducted **at the highest of the following rates** if the shareholder entitled to receive dividends has not furnished his Permanent Account Number ('PAN');

- at the rate specified in section 194 of the Act; or
- at the rate or rates in force; or
- at the rate of 20%.

Further, as provided in section 206AB of the Act, tax is required to be deducted **at the highest of the following rates** in case of payments to 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%.

The term 'specified person' is defined in sub section (3) of section 206AB of the Act as a person who satisfies the following conditions:

- ▶ A person who has not filed the income tax return for the previous year immediately prior to the 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 ₹50,000 or more in such previous year.

A non-resident who does not have a permanent establishment in India is excluded from the scope of a specified person.

In order to check the status of specified person, the Company would rely on the details available on the online portal of the Income tax Department and shall accordingly determine the applicable TDS rate. The Company shall not rely on any declaration in relation to non-applicability of provisions of section 206AB of the Act.

Where sections 206AA and 206AB are applicable simultaneously i.e., in a case where the specified person has not submitted the PAN as well as not filed returns, tax shall be deducted at the higher of the rates

prescribed in these two sections.

Further, no tax shall be deducted at source on the dividend payable to a **resident individual** if the total dividend to be received by the said resident individual from the Company during the financial year does not exceed Rs. 5,000.

Tax will not be deducted at source in cases where a shareholder provides Form 15G (where applicable) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are met.

Blank Forms 15G and 15H can be downloaded from the link given at the end of this communication. Please note that all fields mentioned in the Form are mandatory and the Company may reject the forms submitted, if it does not meet the requirement of the law.

NIL / lower tax shall be deducted on the dividend payable who have provided a valid certificate issued under section 197 of the Act for nil/ lower rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

Also, NIL / lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (as per formats attached) enclosed as **Annexure – A (Part 1)** herewith:

- i. Insurance companies;
- ii. Mutual Funds;
- iii. Category I/ Category II Alternative Investment Fund (AIF) established in India;
- iv. New Pension System Trust;
- v. Other exempt shareholders; and
- vi. Government

The above referred documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the Act.

#### **TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhaar**

As per Section 139AA of the Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply to this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 206AA of the Act. The Company will be using online functionality of the Income-tax department for the above purpose and no claim shall lie against the Company for such taxes deduction. As of now CBDT vide its circular 03/2023 dated 28<sup>th</sup> March 2023 has extended the time limit for linking PAN with Aadhaar up to 30 June 2023. If you have not linked your PAN with Aadhaar, kindly do so, to avoid higher Tax deduction.

#### **Non-resident Shareholders:**

Tax is required to be deducted at source in the case of non-resident shareholders in accordance with the provisions of section 195 of the Act at the rates in force. As per the relevant provisions of the Act, the TDS on dividend shall be @ 20% plus applicable surcharge and health & education cess or applicable rate under the Double Taxation Avoidance Agreement ('DTAA'), read with applicable Multilateral Instrument (MLI), on the amount of dividend payable to the non-resident shareholders. For FII/ FPI shareholders, section 196D provides for TDS @ 20% plus applicable surcharge and health & education cess or applicable rate under the DTAA, read with applicable MLI.

In order to claim the benefit of the DTAA, non-resident shareholders will have to provide required documents/ declarations. A list of such documents/ declarations required to be provided by the shareholders is enclosed as **Annexure - A (Part 2)** herewith. Kindly note that the said documents should be uploaded with KFin Technologies Limited, the Registrar and Transfer Agent at <https://ris.kfintech.com/form15> or <https://ris.kfintech.com/clientservices/isc/> No communication on the tax determination/deduction shall be entertained after 10<sup>th</sup> July 2023.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders and meeting the requirement of the Act read with applicable DTAA. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rate at the time of tax deduction on dividend.

The above referred documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the Act.

In addition to the above, please note the following:

- In case you hold shares under multiple accounts under different status/ category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
- In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.
- For deduction of tax at source, the Company would be relying on the above data shared by KFin as updated up to the record date.

It may be further noted that in case tax on dividend is deducted at a higher rate in the absence of receipt of any of the details/ valid documents mentioned in preceding paragraphs from the shareholders within the timeline mentioned above, the shareholders may consider claiming appropriate refund, as may be eligible in their return of income. No claim shall lie against the Company for such taxes deducted. The Company shall arrange to email the soft copy of the TDS certificate to shareholders at the registered email ID within the prescribed time, post payment of the said dividend, if approved in the AGM. The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES <https://www.tdscpc.gov.in/app/login.xhtml> or the e-filing website of the Income Tax department of India <https://www.incometax.gov.in/home>.

NIL / lower tax shall be deducted on the dividend payable to non-resident shareholders who have provided a valid certificate issued under section 197 of the Act for nil/ lower rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

Also, please provide valid declaration under Rule 37BA of the Income Tax Rules in case of Joint shareholders, Minor shareholders, etc. in case the dividend income is assessable for tax in the hands of person, other than the person whose name appears in the shareholder register as on the record date.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder/s, such Shareholder/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operate in any assessment/ appellate proceedings before the Tax/ Government authorities.

The Company will be sending out individual communication to you through KFin. In the communication, step by step procedure for sharing/ uploading the aforementioned documents will be provided.

FAQs relating to the above is hosted on the website of KFin at [Click here](#) and also on the website of the Company at <https://www.bajajauto.com/investors/dividend>

We seek your co-operation in the matter.

Your sincerely,

For Bajaj Auto Limited

Dr. J Sridhar  
Company Secretary

[Click here](#) to download - Form 15H  
[Click here](#) to download - Form 15G  
[Click here](#) to download - Form 10F  
[Click here](#) to download - self declaration (Non-resident shareholder)  
[Click here](#) to download - Declaration as per Rule 37BA  
[Click here](#) to download - Declaration as per Rule 37BC  
[Click here](#) to download - FAQs on TDS on Final dividend

*Disclaimer: The information set out hereinabove is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.*

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