

Frequently Asked Questions ('FAQs') on TDS of Dividend

A. Resident Shareholders

1. I am a shareholder. Will my dividend be subjected to TDS? If yes, are there any exceptions?

Rate of TDS on dividend payment to resident individual shareholders:

- As per provisions of Income-tax Act, 2025 ('the Act'), tax shall be deducted at source under section 393 of the Act at the rate of 10% on the amount of dividend declared and paid by the Company during tax year 2026-27. However, in the following cases, TDS at the rate of 20% would be applicable as per the Act:

Section 397 of the Act –

In case where PAN is not available/ submitted, or PAN submitted is invalid.

- As per Section 262 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 397 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 tax deduction.

Exceptions in case of resident individual shareholders (subject to linking of PAN with Aadhar):

- No tax shall be deducted at source (on the dividend payable to a resident Individual if the total dividend to be received **from the Company during a tax year does not exceed Rs. 10,000; or if an eligible resident individual shareholder provides a valid declaration in Form 121 (erstwhile Form 15G/ Form 15H) to the Company.**
- Further, if a shareholder has obtained a lower or nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company (TAN – PNEB05807E), tax shall be deducted on dividend payable to such shareholder at the rate specified in the said certificate.

Exceptions in case of resident non-individual shareholder:

- No tax shall be deducted at source on dividend payable to the following resident non-individual shareholders on submission of certain documents as mentioned below:
- a) **Insurance Companies (Public & Other Insurance Companies):** Self-attested copy of registration certificate issued by the authorities. Also, a declaration that you are an Insurance company as defined under second proviso to section 393(4) of the Act.
 - b) **Mutual Funds:** Declaration stating that Mutual Fund shareholder is eligible for exemption under Schedule VII(20) of the Act along with self-attested copy of registration documents issued by the appropriate authorities.
 - c) **Category I / Category II Alternative Investment Fund:** Self- attested copy of certificate of registration/ declaration evidencing that you are a Category I / Category II Alternative Investment Fund, as established under Schedule V(1) of the Act [covered by Notification No. 51/2015 dated June 25, 2015].

- d) **National Pension Scheme Trust:** The self-attested copy of registration certificate / declaration that you qualify as NPS Trust for the purpose of section 400(1) read with section 536(2)(i) of the Act read with CBDT circular No.18/2017, and that your income is eligible for exemption under Schedule VII(41) of the Act.
- e) **Entities unconditionally exempt under section 11:** Documentary evidence and self-declaration substantiating that you are an entity covered by Circular No. 18 of 2017 issued by the Central Board of Direct Tax and your income is unconditionally exempt under section 11 read with Schedules II to VII of the Act and that you are not statutorily required to file return of income under Section 263 of the Act.
- f) **Government or Corporation established by/ or under the Central Act:** Documentary evidence and self-declaration that you are a Corporation set up under specific legislation whose income is exempt and can be considered as a 'Government' and qualifies for exemption under section 393(5) of the Act.
- g) **Where lower/ nil withholding certificate is submitted:** If a shareholder has obtained a lower or nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company (TAN – PNEB15964E), tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.
- h) **Submission of Form 121 (erstwhile Form 15G):** If an eligible resident shareholder provides a valid declaration in Form 121 to the Company.

2. Is there any limit on the amount of dividend upto which no tax will be withheld in respect of resident shareholders?

- As stated above, no tax shall be deducted at source on the dividend payable to a **resident Individual** if the total dividend to be received from the Company during a tax year does not exceed Rs. 10,000.
- It may be noted that there is no such limit provided under the Act for resident non-individual shareholders and hence the dividend shall be subject to TDS.

3. Is the above rate of 10% or 20% as the case may be, to 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 year after including this dividend income will be Nil. Can I request the company not to deduct tax at source and to pay the entire dividend amount without deduction of tax at source?

Yes, in such a case you can approach the Company for non-deduction of tax at source. You will have to furnish a declaration in Form 121 (erstwhile Form 15G / Form 15H) to the effect that the tax on his estimated total income of the year after including the dividend income on which tax is to be deducted will be nil **after disclosing the amount of dividend proposed to be paid in July 2026**. The link for submission of the said form is <https://ris.kfintech.com/form15> or by registering self via the KPRISM application by following the URL: <https://kprism.kfintech.com/>

- In this regard, it may be noted that all fields mentioned in the said Forms are mandatory and the Company reserves the right to reject the forms submitted, if they do not fulfil the requirement of the law.

5. If PAN is not linked to Aadhar (resident individual shareholders), in that case will the benefit of Form 15G/ Form 15H will be provided?

- No. If PAN is not linked to Aadhar, then the PAN will become invalid. In such case, Form 121 (erstwhile Form 15G/ 15H) will also become invalid and the benefit of nil TDS rate will not be applicable.

6. If Form 121 (erstwhile Form 15G / Form 15H) are submitted online, then whether submitting a physical copy is compulsory?

- No. If Form 121 are duly executed and submitted online at <https://ris.kfintech.com/form15> or by registering self via the KPRISM application by following the URL: <https://kprism.kfintech.com/>, then submission of physical copy is not required.

7. What if I do not submit Form 121 (erstwhile Form 15G / Form 15H) ?

- In case you do not submit Form 121, the Company would deduct tax at applicable rates in case your total dividend income from the Company exceeds Rs. 10,000 in a tax year. However, you may file your return of income and claim appropriate refund, if eligible.

8. What is the due date to submit the documents/ declarations mentioned above?

- The documents/ declarations mentioned above are required to be submitted to the Registrar and Transfer Agent ('RTA') on or before **1st July 2026** at <https://ris.kfintech.com/form15> or by registering self via the KPRISM application by following the URL: <https://kprism.kfintech.com/>.

B. Non-resident Shareholders

9. What is the rate of TDS on the dividend declared and paid to non-resident shareholders?

- For non-resident shareholders, the rate of TDS is 20% (plus applicable surcharge and cess) as per the Act. However, where a non-resident shareholder is eligible to claim benefit under the Double Taxation Avoidance Agreement (DTAA) read with the provisions of the Multilateral Instrument (MLI), as may be applicable, and the tax rate provided in the respective DTAA is more beneficial than the rate provided in the Act, then the rate as per the DTAA would be applied. In order to avail the DTAA benefit, non-resident shareholders would be required to submit certain documents as mentioned in **Annexure A** at <https://ris.kfintech.com/form15> or by registering self via the KPRIIM application by following the URL: <https://kprism.kfintech.com/>. Kindly note that extending the benefit of DTAA would depend on the completeness of documents submitted and is at the discretion of the Company.

10. Is the above rate of 20% (as per the Act) to be increased by surcharge and cess?

- Yes, in case of non-resident shareholders, the TDS rate of 20% would be increased by applicable surcharge and health & education cess based on the status of the non-resident. However, in case TDS is deducted as per the beneficial rate provided in the DTAA (subject to submission of documents/ declaration), then the rate as prescribed in the DTAA would not be further increased by surcharge and cess.

11. What is the applicable rate of surcharge and cess for non-resident shareholders [including Foreign Institutional Investors (FIIs)/ Foreign Portfolio Investors (FPIs)]?

- The rate of health & education cess shall be 4% on the amount of tax liability and applicable surcharge. The rate of surcharge depends upon the status of the non-resident and its income.

For non-resident shareholders being foreign companies (including FIIs/ FPIs being companies):

Dividend income during the tax year	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding Rs. 1,00,00,000	NIL	20.80%
Exceeding Rs. 1,00,00,000 but not exceeding Rs. 10,00,00,000	2%	21.216%
Exceeding Rs. 10,00,00,000	5%	21.84%

For non-resident shareholders being firms (including FIIs/ FPIs being firms):

Dividend income during the tax year	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding Rs. 1,00,00,000	NIL	20.80%
Exceeding Rs. 1,00,00,000	12%	23.296%

For other categories of non-resident shareholders, including FIIs/ FPIs:

Dividend income during the tax year	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding Rs. 50,00,000	NIL	20.80%
Exceeding Rs. 50,00,000 but not exceeding Rs. 1,00,00,000	10%	22.88%
Exceeding Rs. 1,00,00,000	15%	23.92%

12. Is there any limit on the amount of dividend upto which no tax will be withheld in respect of non-resident shareholders?

- There is no such limit provided under the Act for non-resident shareholders, and hence, the entire dividend is subject to TDS.

13. When are the documents for claiming concessional rate benefit under the DTAA required to be submitted?

- A non-resident wanting to claim benefit of concessional tax rate under the DTAA should submit the necessary valid documents as mentioned in **Annexure – A**, to the RTA on or before **1st July 2026** by uploading the same on weblink at <https://ris.kfintech.com/form15> or by registering self via the KPRISM application by following the URL: <https://kprism.kfintech.com/>

C. Common FAQs – for resident as well as non-resident shareholders:

14. Am I required to update the PAN? If yes, where should it be updated?

- Yes, shareholders are required to update their 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 are held in physical form, then the PAN needs to be updated with RTA at <https://ris.kfintech.com/form15> or by registering self via the KPRISM application by following the URL: <https://kprism.kfintech.com/>
- In addition to the above, all shareholders are requested to ensure that the below details are submitted and/or updated, as applicable, in their respective demat account(s) maintained with the Depository participant(s); or in case of shares held in physical form, with the Company / RTA for the purpose of complying with the applicable TDS provisions:
 - a) Valid Permanent Account Number (PAN)
 - b) Residential status as per the Act, i.e. Resident or Non-Resident for Tax Year 2026-27;
 - c) Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) – Category I, II and III, Government (Central/ State Government), FPI/ FII, Foreign Company, Individual, 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.;
 - d) Email Address;
 - e) Mobile Number;
 - f) Bank account details; and
 - g) Address with PIN Code (including country).

Kindly note that for the purpose of deduction of tax at source, the Company would be relying on the data shared by the RTA. In case the above details are not updated by the record date, then the Company will rely on the details as on the record date, as received from RTA.

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

- To know the quantum of the tax 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 declared in the AGM. Shareholders can also check Form 168 (erstwhile Form 26AS) from their e-filing account at www.incometax.gov.in or TRACES website <https://www.tdscpc.gov.in/app/login.xhtml>.
- You can also use the “View Your Tax Credit” facility available at www.incometax.gov.in. Please note the credit in Form 168 shall be reflected after the TDS statement filed by company on a quarterly basis is processed by the tax authority.

16. Where can I find a consolidated list of documents/ declarations that are required to be submitted by me? What is the due date for submission of these documents/ declarations?

- A consolidated list of documents/ declarations is provided in **Annexure A**. The documents/ declarations, as applicable to you, are required to be submitted to the Company latest by **1st July 2026**. Any document/ declaration submitted post 1st July 2026 will not be considered by the Company while deducting tax at source.

17. What if TDS is deducted at a higher rate in absence of submission of details/ documents within the prescribed time, viz. upto 1st July 2026?

- In case TDS is deducted at a higher rate in absence of receipt of details/ documents from shareholders by the due date of 1st July 2026, the shareholders may consider claiming an appropriate refund, if eligible, in their return of income.

18. Any other query?

- In case you have any other queries, please feel free to send those queries to ***einward.ris@kfintech.com***