



TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND

**Regd. Office:
Cipla House, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013**

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TAX ON DIVIDEND

Background :- This provides a brief note on applicability of Tax Deduction at Source (TDS) provisions under the Income Tax Act, 1961 for different shareholder categories. Pursuant to the Finance Act, 2020, dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the shareholders. Also, the company needs to deduct tax at source from dividends paid to shareholders. The rate of deduction of tax depends on residential status of the shareholder, the documents submitted by the shareholder and accepted by the Company.

Rate of TDS for different categories of shareholder **For resident**

individual shareholders:

The tax shall be deducted under Section 194 of the Income Tax Act 1961 as follows:

- The tax shall be deducted at **10%**, if aggregate amount of dividend to be received by the shareholder during the given Financial Year (FY 2023-24) exceeds Rs. 5,000 and valid PAN is provided by the shareholder. However, if shareholder provides the duly filled form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years) for relevant financial year (FY 2023-24) complete in all respects and all the required eligibility conditions are met, then **NIL** tax shall be deducted at source.
- Further as per Finance Act 2023, the new taxation regime under section 115BAC of the Act is the default tax regime. Accordingly, we shall consider the forms for exemption only in cases where estimated total income in case of 15G is <= 300,000 and in case of 15H is <= 700,000 as per provisions of section 197A of the Act
- In case of invalid or non-availability of PAN, tax shall be deducted at the rate of **20%**.

For resident shareholders other than individual (HUF/LLP/AOP/Companies/Firm/Trust) :

- The tax shall be deducted at **10%** on the entire amount of dividend to be received by the shareholder without any threshold. However, on submission of any lower withholding tax certificate or any exemption status under any provision of Income Tax Act obtained by shareholder for Financial Year 2023-24, the withholding tax shall be at the rate mentioned in the certificate issued by the authority and the same submitted to the company.
- In case of invalid or non-availability of PAN, the withholding tax shall be at **20%**.

Resident shareholders who are eligible to provide declarations in Form 15G or 15H as may be applicable to them, may fill up the relevant declaration and submit at the link provided:

<https://easydividend.nexdigm.com/Shareholders>

The User Manual for filling and submission of declarations on the above link is enclosed with this communication.

For other category shareholders, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, Government (Central/State Government) etc:

In order to provide **exemption from withholding** the taxes on dividend payable, the shareholder has to provide self-declaration along with their registration with concerned authority about their category, such as :-

- Declaration and Registration certificate by shareholder qualifying as Insurer as per Section 2(7A) of the Insurance Act, 1938.
- Declaration and Registration certificate by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income Tax Act, 1961.
- Declaration and Registration certificate by Category I/II Alternate Investment Fund (AIF) registered with SEBI.
- Self attested copy of valid approval granted by Commissioner as per relevant Income Tax Rules of Fourth Schedule of Income Tax Act to Recognized Provident Fund / Approved Gratuity Fund/ Approved Superannuation Fund.
- The aforesaid declarations is to be submitted through the following link :<https://easydividend.nexdigm.com/Shareholders>

For non-resident shareholders including Foreign Portfolio Investor (FPI)/(FII) Category:

The tax shall be deducted at **20%** on the entire amount of dividend to be received by the shareholder without any threshold. However, as per Section 90(2) of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (tax treaty) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail a lower rate of deduction of tax at source under an applicable tax treaty read with multilateral instruments, if applicable, such non-resident shareholders must provide the following:

- Self-attested copy of the PAN allotted by the Indian Income Tax authorities if any.
- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident for FY 2023-24.
- Self-declaration in Form 10F for FY 2023-24 (as prescribed under Rule 21AB r.w. Rule 131 of Income Tax Rules, 1962) as under (if all the details required in this form are not mentioned in TRC):
 - In case PAN is available, self-attested copy of Form 10F e-filed on Income Tax Portal.
 - In case PAN is not available and not required to be obtained as per relevant provisions of the Act read with Income Tax Rules, 1962, self-attested copy of Form No. 10F.

- Self-declaration, certifying the following points that No PE declaration should cover below given points: **(Format enclosed)**
 - i. The non-resident shareholder is and will continue to remain a tax resident of the country of residence during FY 2023-24.
 - ii. The non-resident shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company.
 - iii. The non-resident shareholder has no reason to believe that the claim for the benefits of the DTAA is impaired in any manner.
 - iv. The non-resident shareholder is the ultimate beneficial owner of the shareholding in the Company and Dividend receivable from the Company.
 - v. The non-resident shareholder does not have a taxable presence or a permanent establishment in India during FY 2023-24.
 - vi. The aforesaid declarations are to be submitted through below mentioned link [:https://easydividend.nexdigm.com/Shareholders](https://easydividend.nexdigm.com/Shareholders)

For non-filers of Return of Income:

- The TDS shall be deducted at **20%** on the entire amount of dividend to be received by the shareholder. If the shareholder has not filed the return of income for F.Y. 2021 -22; and Tax Deducted at Source and Tax Collected at Source in the year in case of the shareholder is Rs.50,000 or more.
- The non-resident shareholders who does not have a permanent establishment is excluded from the scope of a specified person to substantiate this non-resident shareholder have to submit the No PE declaration through below mentioned link <https://easydividend.nexdigm.com/Shareholders> in prescribed format.
- For the purpose of compliance under Section 206AB, Company will verify the status (i.e., whether Specified Person or not) from the Government enabled online utility for this purpose and deduct TDS accordingly.

Benefit under Rule 37BA

If dividend income on which tax has been deducted at source is assessable in the hands of a person other than the shareholder, then declaration needs to be provided by shareholder for the same as per Rule 37BA of the Income Tax Rules, 1962. The aforesaid declaration is to be e-mailed to dividend.cipla@nexdigm.com

General Instructions:

1. All the documents submitted by the shareholder will be verified by the Company / its authorised representative and the Company will consider the same while deducting appropriate taxes, if they are in accordance with the provisions of the Income Tax Act, 1961.
2. For resident shareholders, the rate of TDS would not be increased by surcharge and cess. For non-resident shareholders, the rate of TDS would be increased by applicable surcharge and cess.
3. The Company is not obligated to apply the beneficial DTAA rates at the time of withholding tax on the dividend amount. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the non- resident shareholder.
4. The Company will arrange to email a soft copy of the TDS certificate at the registered email ID of the shareholders within statutory timelines mentioned in the Income Tax Rules. The shareholders will also be able to see the credit of TDS in their Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.
5. If for any reason the tax on dividend is deducted at a higher rate for the shareholder, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible.
6. 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 shareholders, such shareholders will be responsible to pay and indemnify such income-tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income- tax/apellate authority.
7. The above withholding tax is in summarised form of law and not detailed analysis nor any tax advice. For detailed tax advice related to their tax matters, shareholders are advised to consult their tax professionals.

User guide for Easy Dividend - Form 15G / 15H / Tax Treaty Declaration Filing

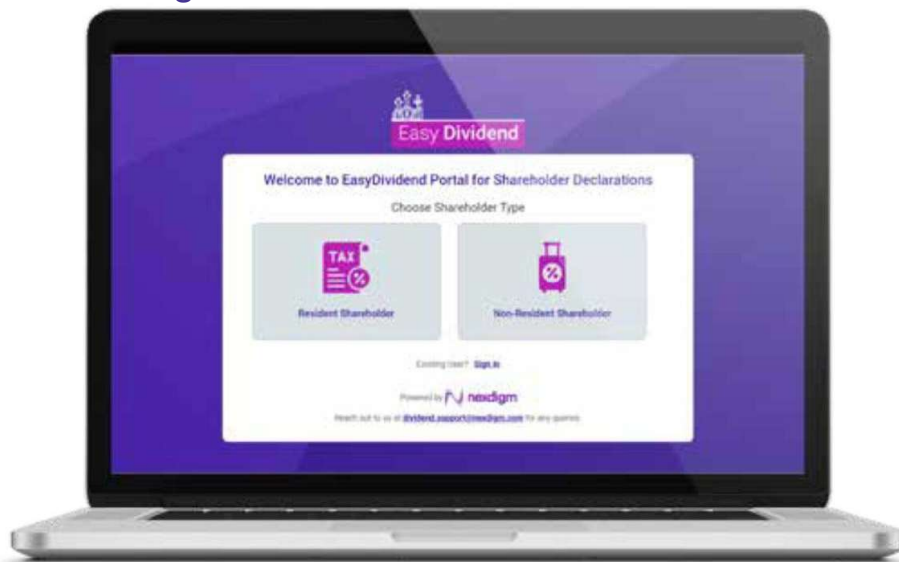


The shareholders can follow these steps based on their category.

Type of Shareholders	Declaration Type	Reference Steps	
Resident Individual Shareholders	Form 15G / Form 15H	Step 1 - 6	
Other Resident Shareholders	Documents such as lower deduction certificate, Mutual Fund / Insurance / NPS / AIF declarations	Step 1 - 3 and Step 7 – 8	
Non-resident Shareholders	Tax Treaty documents such as TRC, No PE, Form 10F, etc.	Step 1 and Step 9 – 10	
Resident Shareholders (Recently Purchased shares)	Form 15G / Form 15H / documents such as lower deduction certificate, Mutual Fund / Insurance / NPS / AIF declarations	Step 1 – 2 and Step 11	

Please click on the link provided in the email from Share Transfer Agent / RTA or the Company to access the Easy Dividend Portal:

<https://easydividend.nexdigm.com/>



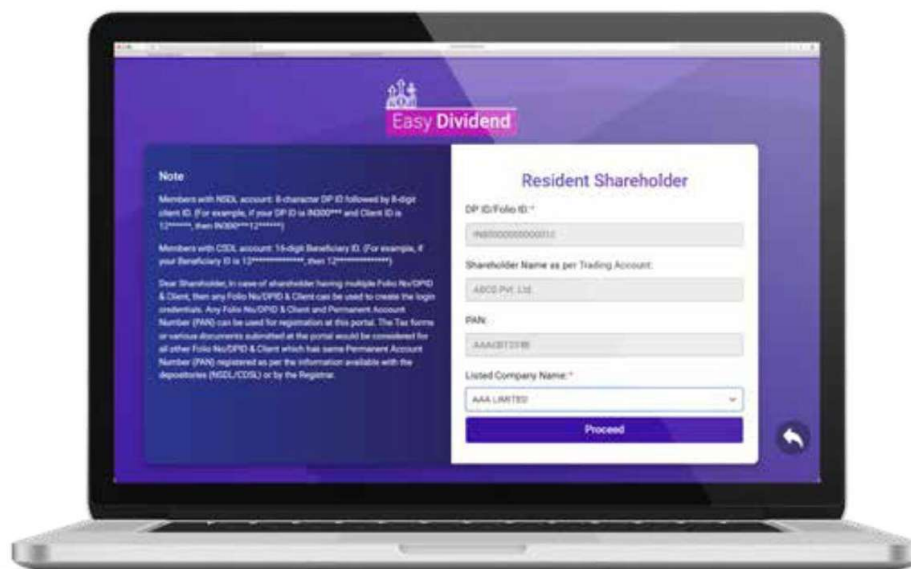
In case of any technical difficulties, please write to dividend.support@nexdigm.com

Step 2: Verification of Details (for Residents)

Please enter your **DPID/Folio ID** and enter **Captcha** to verify your details



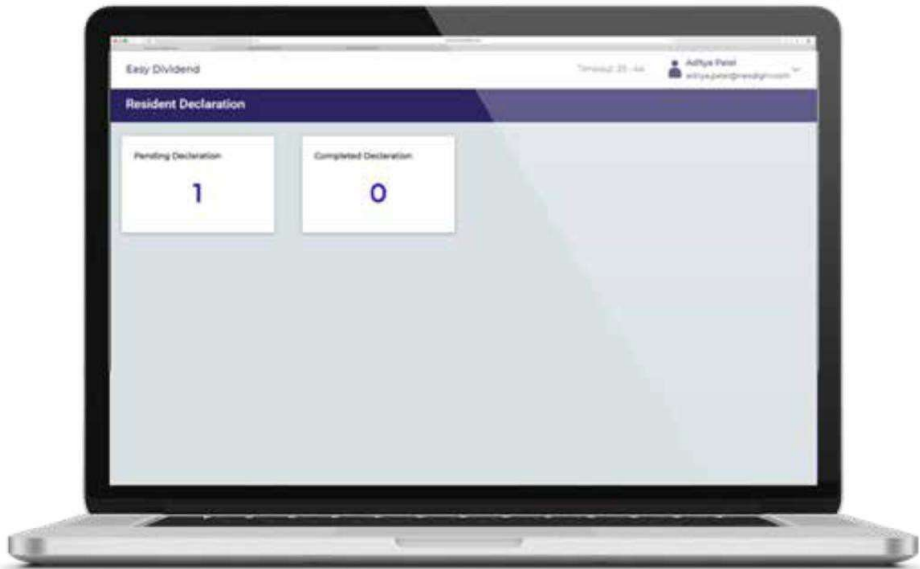
Select the name of the Company from the dropdown list and press 'Proceed' button



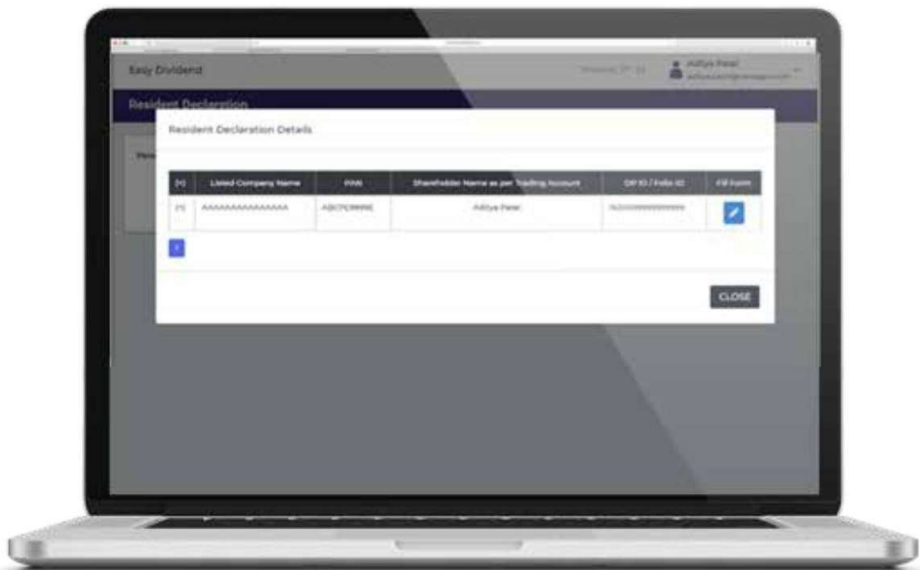
In case of any technical difficulties, please write to dividend.support@nexdigm.com

Step 3: Filling the Declaration

After logging in, please click on **Pending Declaration** to access the Form

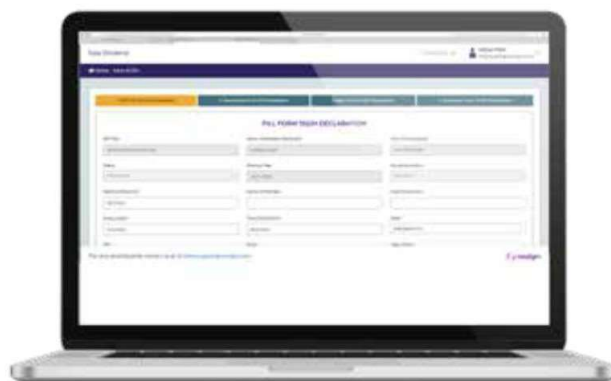


Subsequently, please click on 'Fill Form' button to access the fillable Form 15G/H

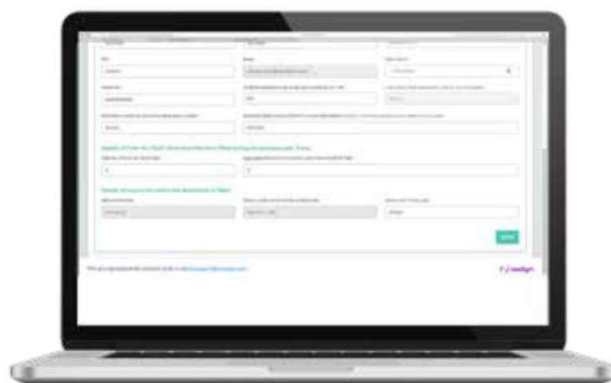


In case of any technical difficulties, please write to dividend.support@nexdigm.com

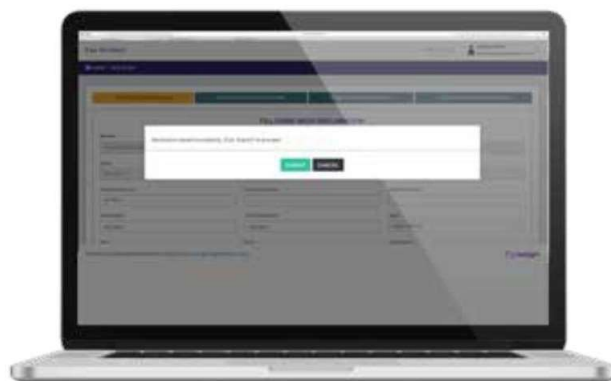
Fill the details in the Form I5G/H Declaration in the relevant fields. The fields marked in Red Asterisk (*) are mandatory



After filling in the mandatory details in the form, click on 'SAVE' button



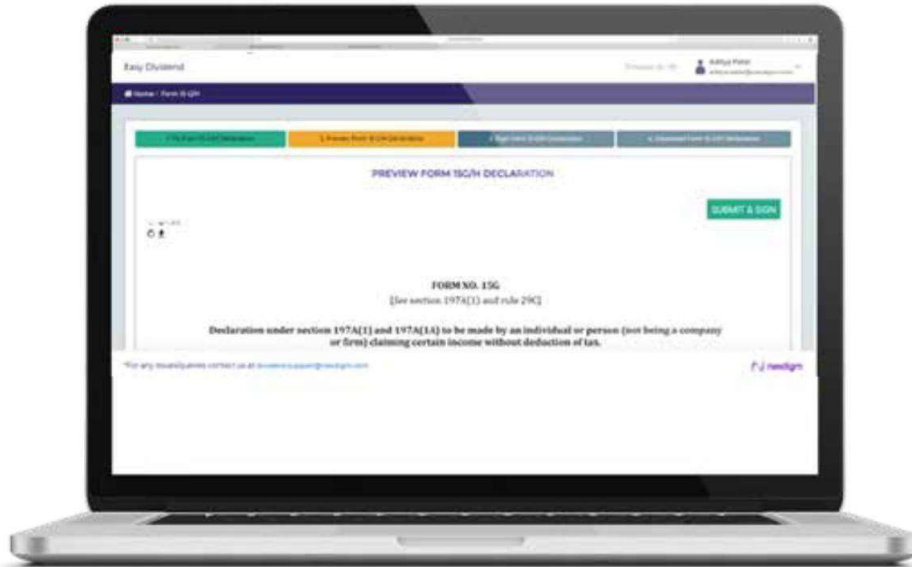
Press 'SUBMIT' button to proceed



In case of any technical difficulties, please write to dividend.support@nextdigm.com

Step 4: Previewing the Filled Form

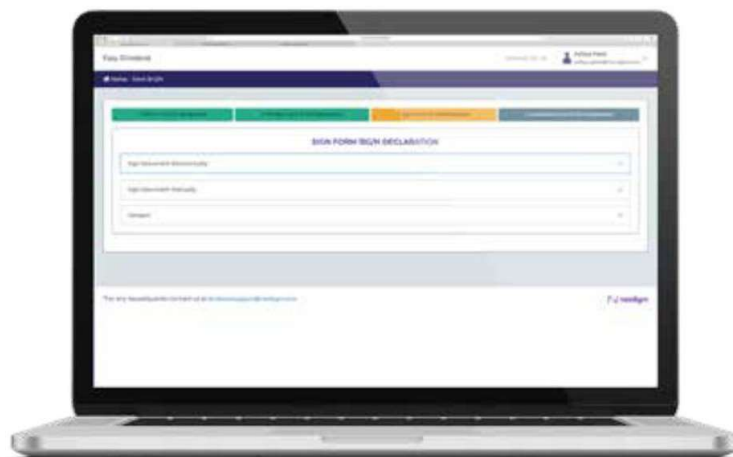
1. After submitting the declaration, you can preview the form;
2. Please go through the form and click on 'SUBMIT & SIGN' button



Step 5: Signing the Form

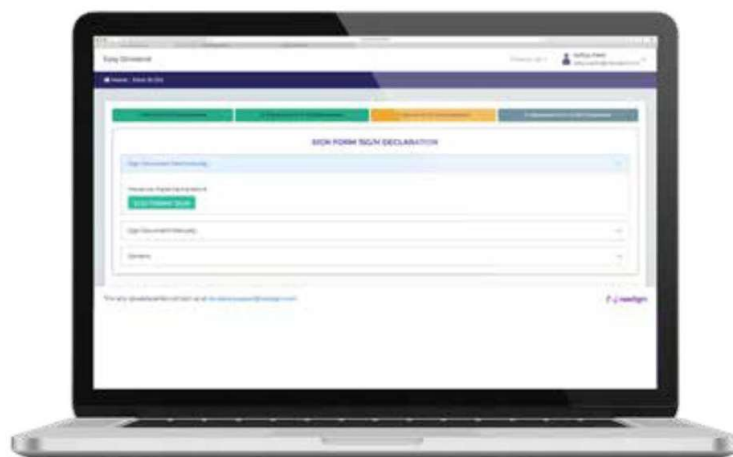
There are multiple options available to sign:

1. You can sign by uploading manually signed form;
2. You can e-sign using Aadhar/PAN;
3. You can sign using Digital Signature Certificate (DSC Token);
4. You can e-sign using placing your own signature (either by mentioning name or drawing or uploading signature)



Step 5A: Signing Document Electronically

In order to sign the document electronically, click on 'ELECTRONIC SIGN' button

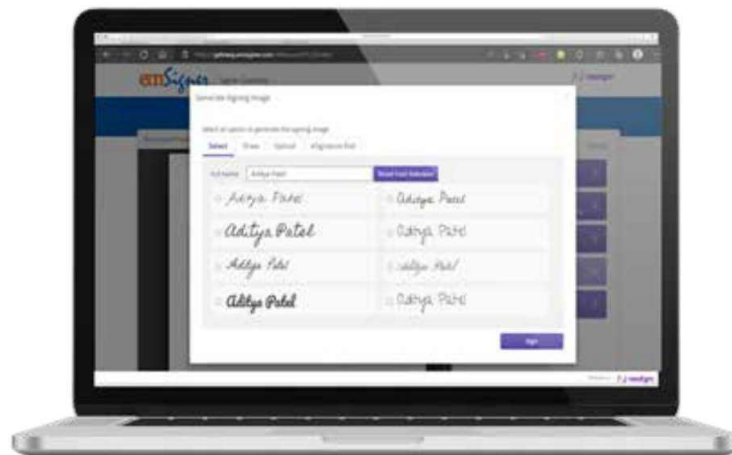


In case of any technical difficulties, please write to dividend.support@nextdigm.com

You will be redirected to emSigner gateway for signing the declaration



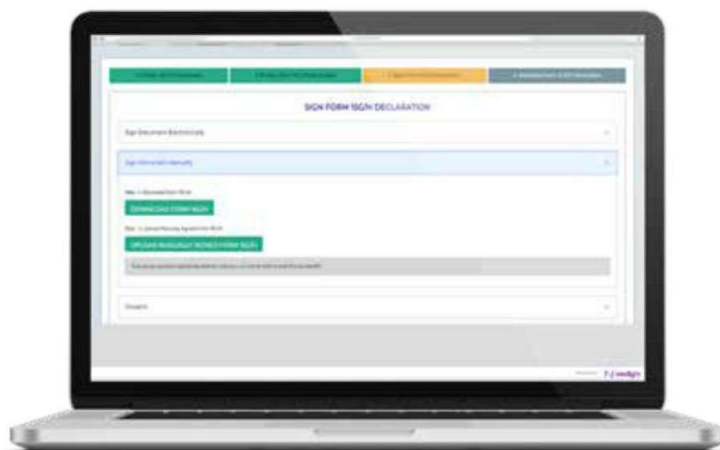
Select your preferred method and click on 'SIGN' button to digitally sign the form



In case of any technical difficulties, please write to dividend.support@nexdigm.com

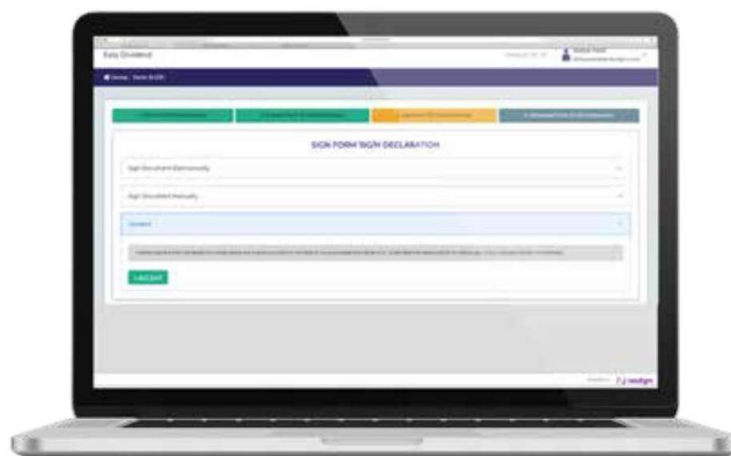
Step 5B: Signing Document Manually

- In order to sign the document manually, click on 'Download Form I5G/H' button to download pdf form
- Sign the Form and upload the scanned copy of the same by clicking on 'Upload Manually Signed Form I5G/H'



Step 5C: Providing Consent

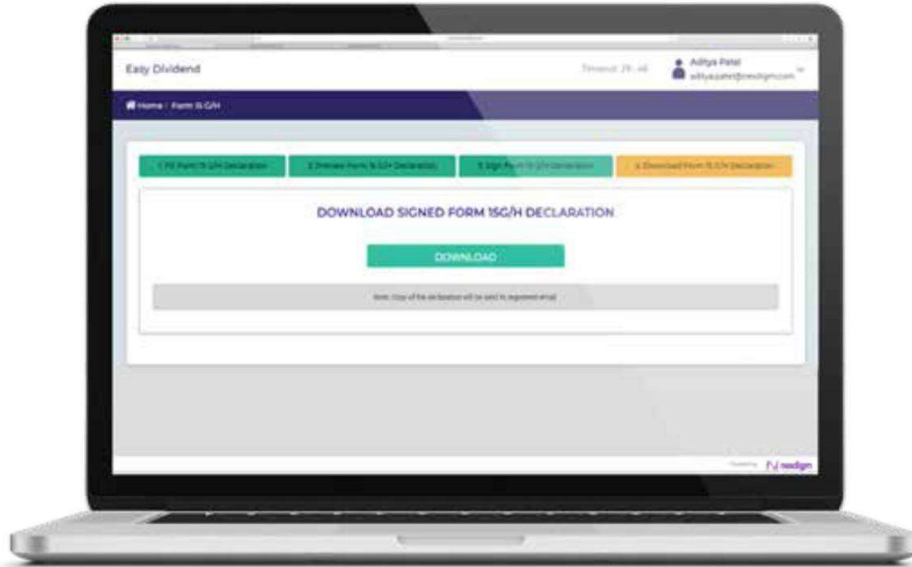
In order to sign the document by providing your consent, click on 'I Accept' button



In case of any technical difficulties, please write to dividend.support@nextdigm.com

Step 6: Downloading the Signed Declaration

After signing the document, you will be allowed to download the signed form for records by clicking on **DOWNLOAD** button



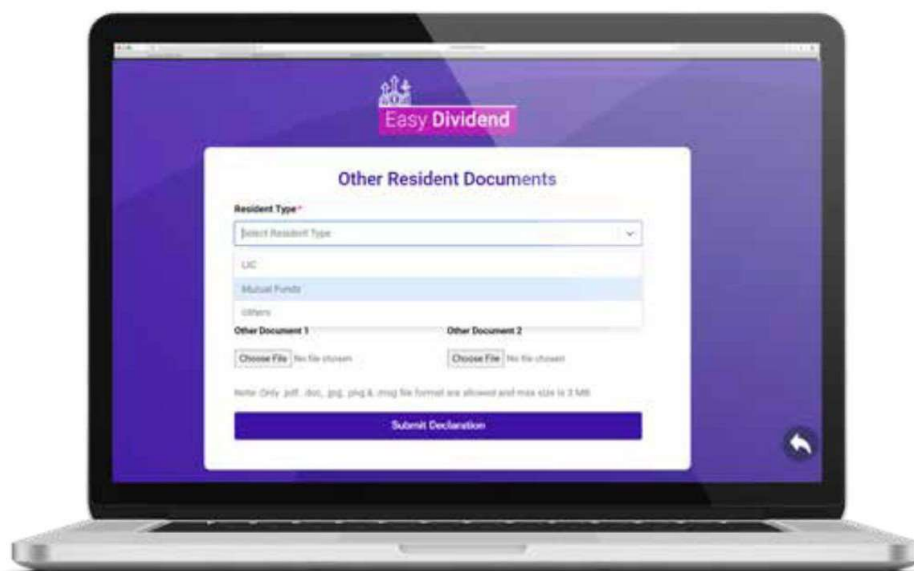
You have successfully furnished the declaration. An email providing the declaration shall be sent on your registered email ID. You can log out from the application.

For Other Resident Shareholders

After following Step 1 & 2, please follow the below steps:

Step 7: Selection of type of Shareholder

The shareholder can select their type (i.e. LIC, Mutual Funds, Others) from the drop down list and upload

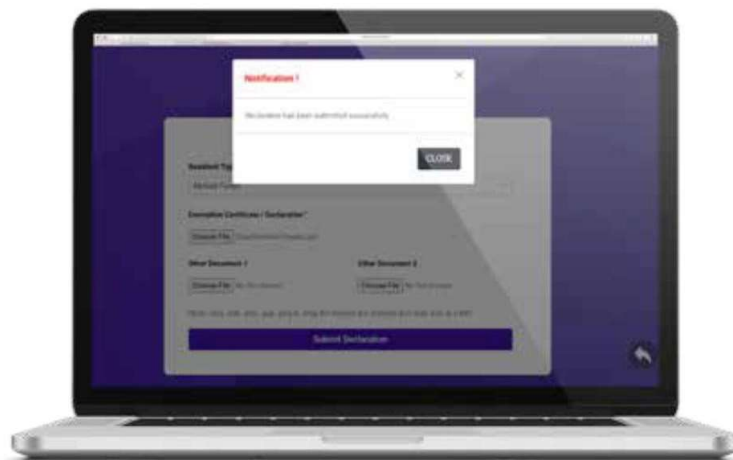


Step 8: Uploading Exemption Declaration/Documents

Shareholders can upload the necessary declarations/documents by clicking on 'Choose File' button. Once the documents have been uploaded, click on 'Submit Declaration' button.



You will get a notification mentioning 'Declaration has been submitted successfully'.



You have successfully submitted the Tax Treaty Documents. A confirmation email shall be sent on your registered email ID. You can click on 'CLOSE' button to log out from the application.

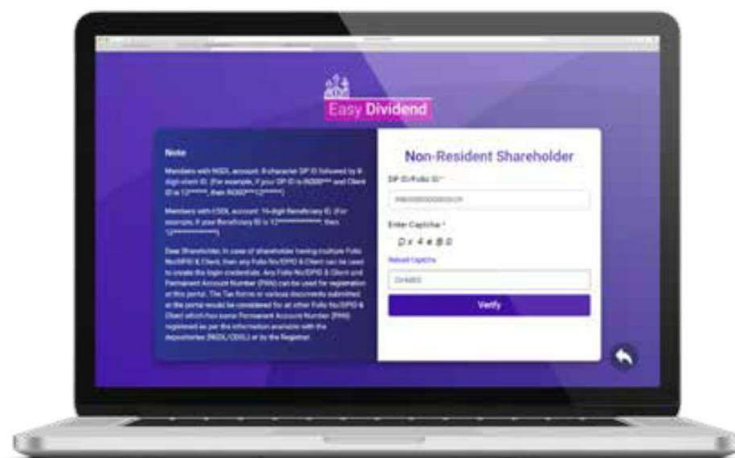
In case of any technical difficulties, please write to dividend.support@nexdigm.com

For Non-Resident Shareholders

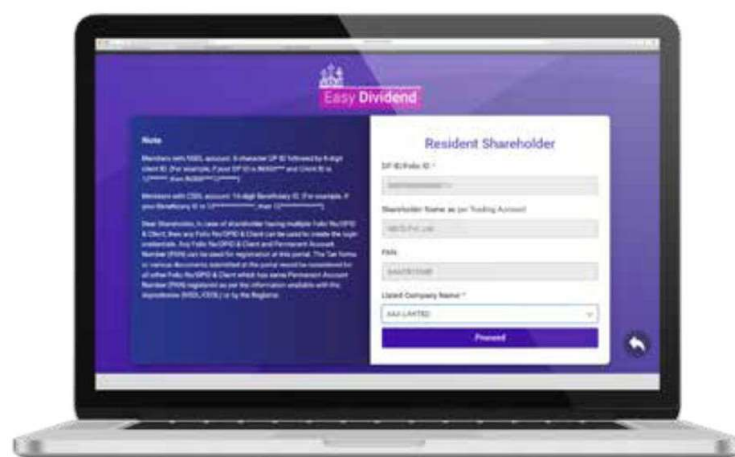
After following Step 1, please follow the below steps:

Step 9: Verification of Details (for Non-Residents)

Please enter your DPID/Folio ID and enter CAPTCHA to verify your details



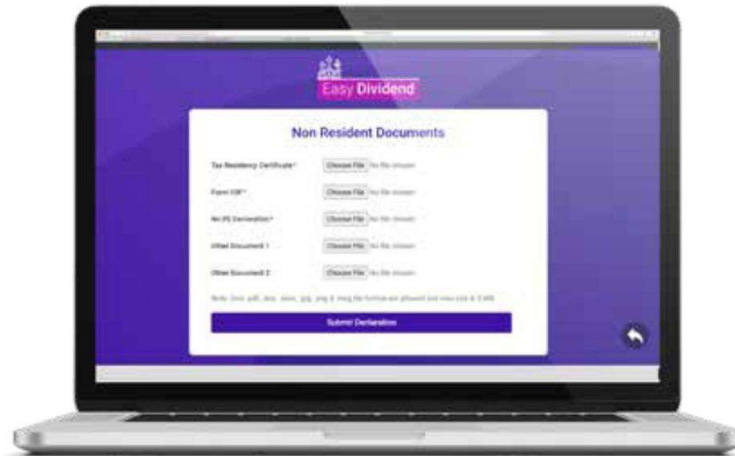
Select the name of the Company from the dropdown list and press 'PROCEED' button



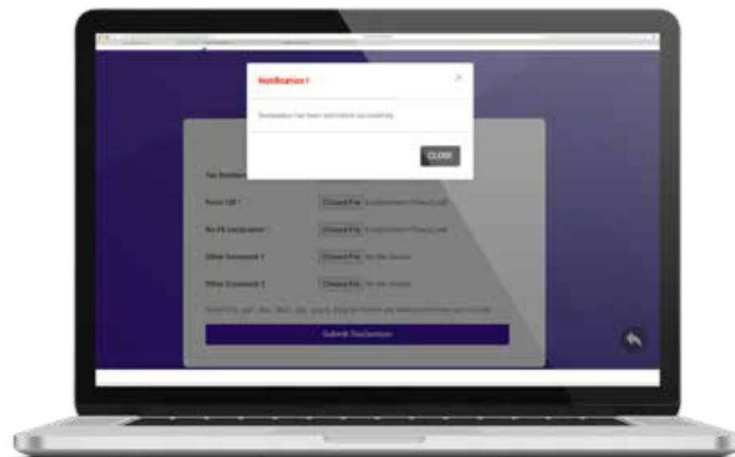
In case of any technical difficulties, please write to dividend.support@nexdigm.com

Step 10: Uploading Tax Treaty Documents

Upload the documents by pressing on 'Choose File' button. Once all the documents are uploaded, click on 'SUBMIT DECLARATION' button.



You will get a notification mentioning 'Declaration has been submitted successfully'.



You have successfully submitted the Tax Treaty Documents. A confirmation email shall be sent on your registered email ID. You can click on 'CLOSE' button to log out from the application.

In case of any technical difficulties, please write to dividend.support@nexdigm.com

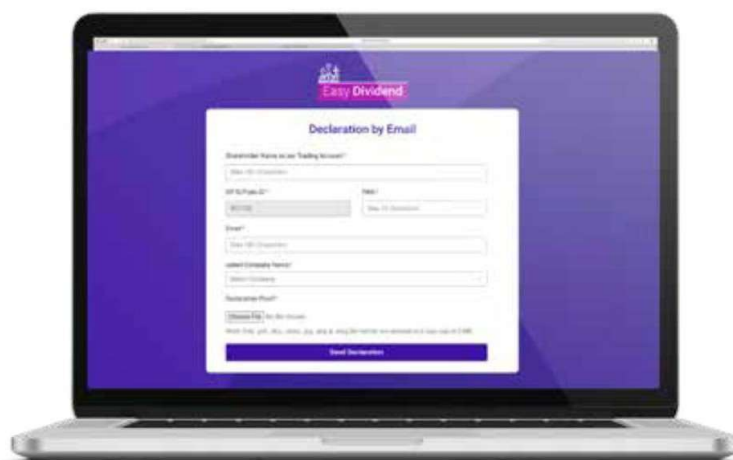
For Resident Shareholders (Who Have Recently Acquired Shares)

In case you have recently acquired shares, your details would not be available in the Easy Dividend System.

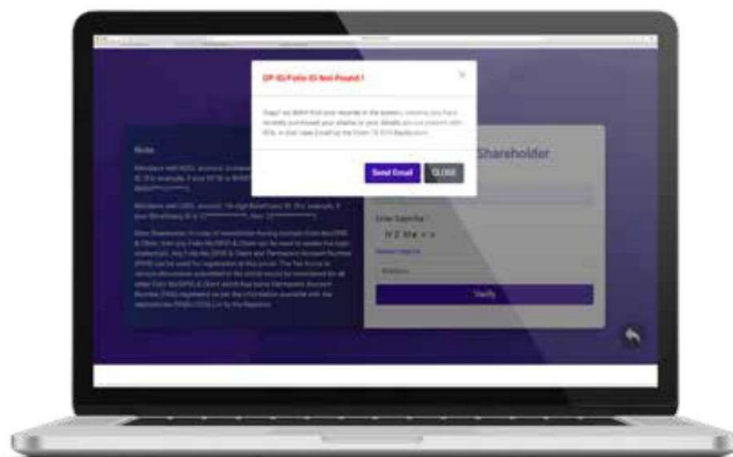
In such case, after following Step 1 & 2, please follow the below steps:

Step 1 I: Submit Documents via ‘Send E-Mail’ Button

If Shareholder details are not available in the system, you will get a pop-up mentioning ‘DP ID/Folio ID not found’.



In such case, click on ‘Send Email’ button to submit the documents.



You will get a pop-up with a message that ‘Declaration has been sent successfully’. A confirmation email shall be sent on your email ID. You can click on ‘CLOSE’ button to log out from the application.

In case of any technical difficulties, please write to dividend.support@nexdigm.com

Date:

To
Cipla Limited
Cipla House, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai – 400013.

Folio Number / DP ID/ Client ID – Mention all the account details

With reference to the captioned subject, and in relation to the appropriate withholding of taxes on the Dividend payable to me / us by **Cipla Limited** (the Company), I / We hereby declare as under:

- 1) I /We, *(Name of the shareholder)* confirm that I am / We are tax residents of _____*(Name of Country)* and I / We do not have a permanent establishment / fixed place of business / profession in India as contemplated under Income Tax Act 1961,during financial year **1st April 2023 -31st March 2024**.
- 2) Further I /We confirm that we are resident of *(Name of Country)* within the meaning of the Article 4 of India - _____*(Name of Country)* Double Tax Avoidance Agreement (DTAA) and I /We are eligible to claim the benefit of India - _____*(Name of Country)* Double Tax Avoidance Agreement (DTAA), read with the provisions laid down in Multilateral Instrument (MLI), wherever applicable.
- 3) I / We do not have a permanent establishment / fixed place of business / profession in India as contemplated under Article 5 of India - _____*(Name of Country)* Double Tax Avoidance Agreement (DTAA) read with the provisions laid down in Multilateral Instruments, wherever applicable, during the financial year **1st April 2023 – 31st March 2024**;
- 4) We do not have any business connection in India within the meaning of section 9(1)(i) of the Income Tax act, 1961 of India including the threshold limit prescribed for significant economic presence (SEP) in explanation 2(A)(a) and 2(A)(b) for the Financial Year **1st April 2023 – 31st March 2024**
- 5) I / We hereby declare that, I am /we are the beneficial owner of the share/shares held in the Company as well as the dividend arising from such shareholding and I/ we have the right to use and enjoy the dividend received/ receivable from the above shares and such right is not constrained by any contractual and/ or legal obligation to pass on such dividend to another person.
- 6) I/We hereby confirm that we do not have a place of effective management, taxable presence or fixed based in India as per the said tax treaty read with the provisions laid down in MLI, wherever applicable, during the period **1st April 2023 – 31st March 2024** and none of the key management and commercial decisions for the conduct of business in substance are made in India;

- 7) Dividend paid by Cipla Limited to us is attributable to tax in _____ (*Name of the country*) and is thus, eligible for claiming treaty benefits of Double Tax Avoidance agreement (DTAA) between India and _____ (*Name of the country*) read with the provisions laid down in Multilateral Instrument (MLI), wherever applicable;
- 8) I/We hereby furnish a copy of valid Tax Residency Certificate dated _____ having Tax Identification number _____ issued by _____ along with a copy of Form 10F duly filled and signed for the period **1st April 2023- 31st March 2024**.
- 9) I confirm that being individual my aggregate presence in India for the period of **1st April 2023– 31st March 2024** does not exceed 120 days.
- 10) I / We have satisfied the conditions mentioned in the Limitation of Benefit clause, as appearing in DTAA between India and _____ (*Name of the country*);

I/ We further indemnify Cipla Limited for any penal consequences arising out of any acts of commission or omission initiated by Cipla Limited by relying on my/our above averment.

Thanking you.

Yours faithfully,

For *Name of the shareholder*

<<insert signature>>

Authorized Signatory - *Name and designation*

Contact address: _____ [Please insert]

Email address: _____ [Please insert]

Contact Number: _____ [Please insert]

Tax Identification Number _____ [Please insert]

Note: Kindly strikethrough whichever is not applicable

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 (PAN) 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:

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.

(Declaration from Custodian or intermediary)

Date:

To,
Cipla Limited
Cipla House,
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013

Sub: Declaration u/s 199 of the Income Tax Act, 1961 r. w. Rule 37BA of the Income Tax Rules, 1962

Number of Shares:

DPID and Folio No :

PAN No. of _<< Name of Custodian/ intermediary >>. PAN No.<< AAAAXXXA>>

This is with reference to the captioned shares of your company, which were held by the << Name of custodian>> on behalf of its clients, who are beneficial owners of such shares.

Type of account in which the shares were held by the <<Custodian/ intermediary name>>on behalf of its clients	Purpose of holding such shares on behalf of its clients being beneficial owners of shares

Section 199 of the Income Tax Act 1961 ('the Act') r.w. Rule 37 BA of the Income Tax Rules, 1962 ('the Rules') inter alia states that if the income on which tax has been deducted at source is assessable in hands of a person other than the deductee, credit of tax deducted at source shall be given to the other person and not to the deductee.

For the aforesaid reasons, << Custodian/ intermediary name >>, do hereby declare that the dividend on such captioned shares is includible and taxable in the hands of the beneficial owner as stated in <<Annexure>> (Format mentioned below).

Further, << Custodian/ intermediary name >>, do also hereby declare that dividend income on captioned shares shall not be offered or included in its total income and further, it shall not claim TDS credit corresponding to such dividend income in Financial Year 2023-24 or any other financial year, as the case may be. The shares are transferred in the name of beneficial owner in DMAT A/c no. and dates as per above mentioned Annexures.

<<Custodian/ intermediary name>> therefore request you that the TDS on dividend U/s. 194 of the Income Tax Act, 1961 may please be deducted in the name and PAN of the persons named in <<Annexure >> and the certificate for deduction of tax at source shall be issued in the name and PAN of the persons as shown in the <<Annexure>> under Rule 37BA of the Rules r.w. section 199 of the Act.

<<Custodian name/ intermediary >> do hereby declare that any loss or tax cost (including interest and penalty, if any) or consequences arising to the Cipla Limited (or 'the deductor') due to non-compliance / non-fulfilment with any of the above-mentioned statement, shall be borne by / indemnified by << Custodian name >>.

<<Custodian/ intermediary name>> hereby declare that to the best of our knowledge and belief what is stated above is correct, complete and is truly stated.

<<Name of Custodian/ intermediary >>

Authorised Signatory

Annexure Format

Dividend includible and taxable in the hands of the beneficial owner & TDS credit on such Income

Name of the person	PAN of person	Address of person	No. of Shares held by such person	Dividend amount in respect of which TDS credit to be transferred [Rs.]	DMAT Account no.	Date of transfer of share	Status of the Shareholder (Resident / Non – Resident)