



Bajaj Finserv Limited

CIN: L65923PN2007PLC130075

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Dear Shareholder,

Subject: Communication on Tax Deduction at Source ('TDS') on dividend

We hope that 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 at its meeting held on 28 April 2022, recommended dividend of ₹ 4 per equity share of the face value of ₹5, for the financial year ended 31 March 2022.

The dividend if approved by the shareholders at the ensuing Annual General Meeting ('AGM') scheduled on Thursday, 28 July 2022, will be credited/dispatched on Monday, 1 August 2022 and/or Tuesday, 2 August 2022, as under:

- 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 i.e., Friday, 1 July 2022; and
- b. To all those shareholders holding shares in physical form, as per the details provided to the Company by the registrar and share transfer agent of the Company i.e., KFin Technologies Ltd. ('KFin'), as at the close of business hours on the record date i.e., Friday, 1 July 2022.

As you may be aware, in terms of the provisions of the Income Tax Act, 1961 (the 'IT Act'), as amended by the Finance Act, 2020, dividend paid by a Company after 1 April 2020 shall be taxable in the hands of shareholders. Accordingly, the Company would be required to deduct Taxes in respect of approved payment of dividend to its shareholders (Residents as well as Non-Residents).

In light of the above, 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 IT Act, i.e. Resident or Non-Resident for FY 2022-23 (i.e. from 1 April 2022 to 31 March 2023);
- 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, 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.; and
- Address with PIN code (including country)

To give effect to the TDS provisions, shareholders are required to upload documents listed in **Annexure A** with KFin at <https://ris.kfintech.com/form15/>.

Kindly note that no documentation will be entertained by the Company after 12 July 2022.

Resident Shareholders:

Tax shall be deducted at source under section 194 of the IT Act at the rate of 10% on the amount of dividend declared and paid by the Company during FY 2022-23. However, in the following cases, TDS at the rate of 20% would be applicable as per the IT Act:

- a. Section 206AA of IT Act - In case where, PAN is not available/submitted, or PAN submitted is invalid.
 - b. Section 206AB of IT Act - In case of 'specified person'.
- Specified person means a taxpayer who has not filed income tax return of previous year (i.e. FY2020-21) where aggregate of TDS and TCS in said previous year is ₹ 50,000 or more;
 - As per Notification No. 01 of 2022 dated 9 June 2022, issued by Central Board of Direct Taxes, in order to check the status of a shareholder as 'specified person', the Company would rely on the details available on the online functionality 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 IT Act.

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 ₹ 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.

NIL/lower tax shall be deducted on the dividend payable to resident shareholders on submission of relevant documents listed in Annexure - A (Part 1) herewith. Kindly note that the aforementioned documents should be uploaded with KFin at <https://ris.kfintech.com/form15/>.

No communication on tax determination/deduction shall be entertained after 12 July 2022.

The 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 IT Act.

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 IT Act at the rates in force. As per the relevant provisions of the IT Act, the TDS on dividend shall be lower of 20% or applicable rate under the Double Tax Avoidance Agreement ('DTAA') plus applicable surcharge and health and education cess on the amount of dividend payable to the non-resident shareholders. For FII/FPI shareholders, section 196D provides for TDS lower of 20% or applicable rate under the DTAA plus applicable surcharge and health & education cess.

However, as per section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the DTAA read with applicable Multilateral Instrument ('MLI') provisions, as may be applicable, if they are more beneficial to them.

In order to claim the benefit of the DTAA, non-resident shareholders will have to provide required documents/declarations as listed in Annexure - A (Part 2) herewith. Kindly note that the said documents should be uploaded with KFin at <https://ris.kfintech.com/form15/>.

No communication on the tax determination/deduction shall be entertained after 12 July 2022. 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 IT Act.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review of the documents by the Company which should meet the requirement of the IT 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.

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.
- Further, if a resident/non-resident 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 - PNEB05806D), tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.

It may be further noted that in case tax on dividend is deducted at a higher rate (due to absence of receipt of any of the details/valid documents mentioned in Annexure A), 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 limit, 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) on the e-filing website of the Income Tax department of India <https://www.incometax.gov.in/home>.

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/apellate proceedings before the Tax/ Government authorities.

FAQs relating to the above are hosted on the website of KFin at [Click here](#) and also on the website of the Company at <https://www.bajajfinserv.in/finserv-investor-relations-annual-reports>.

We seek your co-operation in the matter.

[Click here](#) to download - Annexure A

Yours sincerely,

For **Bajaj Finserv Limited**
Sd/-
Uma Shende
Company Secretary