

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

As you may be aware w.e.f. 1st April 2020, Dividend Distribution Tax u/s 115-O of the Income-tax Act, 1961 ("the IT Act") payable by domestic companies on declaration of dividend has been abolished. Pursuant to this amendment and certain consequential amendments brought vide Finance Act, 2020, the Company would be under an obligation to deduct tax at source ("TDS") in accordance with the provisions of the IT Act, from dividend distributed on or after 1st April 2020.

Please take note of the below TDS provisions and information / document requirements for each shareholder:

Section 1: For all Members - Details that should be completed and /or updated, as applicable

- a. All Members are requested to ensure that the below details are completed 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, by July 28, 2021. Please note that these details as available on Book Closure Date in the Register of Members/ Register of Beneficial Ownership will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

- I. Valid Permanent Account Number (PAN).
- II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2021-22.
- III. Category of the Member:
 - a. Mutual Fund
 - b. Insurance Company
 - c. Alternate Investment Fund (AIF) Category I and II
 - d. AIF Category III
 - e. Government (Central/State Government)
 - f. Foreign Portfolio Investor (FPI) /Foreign Institutional Investor (FII): Foreign Company
 - g. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
 - h. Individual
 - i. Hindu Undivided Family (HUF)
 - j. Firm
 - k. Limited Liability Partnership (LLP)
 - l. Association of Persons (AOP), Body of individuals (BOI) or Artificial Juridical Person (AJP)
 - m. Trust
 - n. Domestic company
 - o. Foreign Company
- IV. e-mail Address.
- V. Address

Section 2: TDS provisions and documents required, as applicable for relevant category of Members

Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company by July 28, 2021 for their respective category, in order to comply with the applicable TDS provisions

I. For Resident Members:

- i. **Mutual Funds:** No TDS is required to be deducted as per section 196(iv) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- ii. **Insurance companies:** No TDS is required to be deducted as per section 194 of the IT Act subject to specified conditions. Self-attested copy of valid IRDA registration certificate needs to be submitted.
- iii. **Category I and II Alternative Investment Fund:** No TDS is required to be deducted as per section 197A (1F) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted

- iv. **Recognised Provident funds:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the IT Act, or Self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.
- v. **Approved Superannuation fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.
- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- x. **Other resident Members:**
 - a) TDS is required to be deducted at the rate of 10% under u/s 194 of the IT Act.
 - b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual shareholder does not exceed Rs. 5000. Normal dividend/s declared in the preceding financial year 2020 - 2021 would be considered as the basis to determine applicability of the said threshold for the entire financial year.
 - c) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
 - d) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the shareholder is not available.
 - e) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.

II. For Non-resident Members:

- i. **FPI and FII:** TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 196D of the IT Act.
- ii. **Any entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to exemption from TDS needs to be submitted.
- iii. **Other Non-Resident Members:**
 - a) TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 195 of the IT Act.
 - b) Shareholder may be entitled to avail lower TDS rate as per Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the Shareholder, on furnishing the below specified documents:
 - 1) Self-attested copy of PAN;
 - 2) Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is a resident;
 - 3) Self-declaration in Form 10F; and
 - 4) Self-declaration on letterhead of having no Permanent Establishment in India, Beneficial ownership of Shares and eligibility to claim treaty benefits (as per Annexure-I to this Communication)

- c) TDS is required to be deducted at the rate prescribed in valid lower tax withholding certificate issued u/s 197 of the IT Act, if such valid certificate is provided.

Details and / or documents as mentioned above in Section 1 and Section 2, as applicable to the Member, need to be sent, duly completed and signed, through registered email address of the Member with PAN being mentioned in the subject of the email to reach agm@cameoindia.com by July 28, 2021. Please note that no communication this regard, shall be accepted post July 28, 2021.

Form 15 G/ 15 H can be downloaded from the weblink <https://investors.cameoindia.com> to avail the benefit and email to agm@cameoindia.com by 11:59 p.m. IST on July 28 2021. There is also provision to upload the 15G/15H in the weblink viz., <https://investors.cameoindia.com> provided by the Company's Registrar and Share transfer agent M/s Cameo Corporate Services Limited. Please note that no communication this regard, shall be accepted post July 28, 2021.

If you any need clarification, in this regard you may contact Ms. R Komalavalli, Senior Manager, Cameo Corporate Services Limited (Phone No. 04428460395)

Section 3: Other general information for the Members:

- I. For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being sent / accepted by email, the Member undertakes to send the original document/s on the request by the Company.
- II. In case, the dividend income is assessable to tax in the hands of a person other than the registered Member as on the Book Closure Date, the registered Member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person.
- III. TDS deduction certificate will be sent to the Members' registered email address in due course.
- IV. Surcharge rates applicable for financial year 2021 - 22 for non-residents:

a. Non-Resident (other than FII & FPI):

- (i) Individual, HUF, AOP, BOI, AJP, Trust

Dividend Income	Rate
Upto Rs.50 lakhs	Nil
Income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore	10%
Income exceeds Rs. 1 crore	15%

- (ii) Co-operative society or Firm, registered under applicable Indian law

Dividend Income	Rate
Income exceeds Rs. 1 crore	12%

- (iii) Foreign company

Dividend Income	Rate
Income exceeds Rs.1 crore but does not exceed Rs.10 crores	2%
Income exceeds Rs. 10 crore	5%

b. FII & FPI:

- (i) Individual, HUF, AOP, BOI, AJP, Trust

Dividend Income	Rate
Upto Rs.50 lakhs	Nil
Income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore	10%
Income exceeds Rs. 1 crore but does not exceed Rs. 2 crores	15%
Income exceeds Rs. 2 crores but does not exceed Rs. 5 crores	25%
Income exceeds Rs.5 crores	37%

(ii) Foreign Company

Dividend Income	Rate
Income exceeds Rs.1 crore but does not exceed Rs.10 crores	2%
Income exceeds Rs. 10 crore	5%

- V. Normal dividend/s declared in the preceding financial year 2020 – 2021 would be considered as the basis to determine applicability of the surcharge rate.
- VI. Health and Education Cess of 4% is applicable for financial year 2021 – 2022 for non-residents.
- VII. Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of Members on the Book Closure Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.
- VIII. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.
- IX. 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 information / documents and co-operation in any appellate proceedings.

Note: The above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

SECTION 206AB OF THE ACT:

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted **at the highest of 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%

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

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

- A person who has not filed the income tax return for two previous years immediately prior to the previous 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 each of these two previous years.

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

We request you to inform us well in advance and before cut-off date if you are covered under the definition of 'specified person' as provided in section 206AB of the IT Act.

(Refer Section 2(II)(iii)(b)(4) of above Communication on TDS on Dividend Distribution)

Annexure-I

FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA

Date:

To
Cameo Corporate Services Limited,
Subramanian Building, No.1, Club House Road,
Chennai - 600 002
Attn: Mr. D Narasimhan
Phone: 044 - 28460390; 28460395 Fax: 044 - 28460129
e-mail ID: agm@cameoindia.com

Subject: Declaration for eligibility to claim benefit under Double Taxation Agreement between Government of India and Government of <mention country of tax residency> (“DTAA”), as modified by Multilateral Instrument (“MLI”), if applicable

With reference to above, I/We wish to declare as below:

1. I / We, <Full name of the shareholder>, having permanent account number (PAN) under the Indian Income tax Act, <mention PAN > , and holding <mention number of shares held> number of shares of the Company under demat account number/ folio number as on 28.7.2021, am / are a tax resident of <country name> in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a ‘resident’ of India under section 6 of the Indian Income-tax Act, 1961 (“the IT Act”). A copy of the valid tax residency certificate for <period>, which is valid as on 28.07.2021, is attached herewith.
 2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and meet all the necessary conditions to claim treaty rate.
 3. I/We am/are the legal and beneficial owner of the dividend income to be received from the Company.
 4. I/We do not have a Permanent Establishment (“PE”) in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
 5. I/We do not have a PE in a third country and the amounts paid/payable to us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.
 6. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/payable to us, in any case, are not attributable to business operations, if any, carried out in India.
- I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.
- I/we in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me, I 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 / appellate authority.

For <Mention the name of the payee>
Authorised Signatory
<Name of the person signing>
<Designation of the person signing>