

FAQ's on Taxation of Dividend

1. I am a resident shareholder. Will my dividend be subject to TDS?

Effective April 1, 2020, Dividend is taxable in the hands of shareholders and therefore TDS will also be deducted as per the provisions of Income-tax Act, 1961.

2. I am a resident shareholder (i.e. Individual, HUF, BOI, AOP, Partnership Firms, and Corporations). At what rate TDS will be deducted?

TDS will be deducted @10% of dividend paid.

However, when the dividend payout does not exceed Rs. 5,000 in case of resident individuals, no TDS shall be deducted.

For all other categories of shareholders (including individuals deriving dividend in excess of Rs. 5,000), availability of Permanent Account Number (PAN) with the depository/ Transfer Agent is mandatory, else tax rate of 20% would be applied. Accordingly, shareholders are advised to immediately update their Permanent Account Number (PAN) with the depository/ Transfer Agent. Higher tax rate of 20% would also apply in case you are determined as a 'Specified Person' by the Income-tax portal.

Please note that the information regarding whether a shareholder is a specified person or not, will be determined using the Compliance Check functionality of the Income Tax Department in accordance with CBDT Circular No. 11 of 2021 dated 21st June 2021.

3. Whether there is any threshold while deducting TDS payment on dividend distribution?

Yes, if the dividend distributed to a resident individual shareholder does not exceed Rs 5,000 in a financial year, then no tax will be deducted. However, no such threshold is applicable for payment to shareholders other than a resident individual.

4. I am a resident individual or a person (other than company or Firm) and my dividend receipt is subject to TDS. However, tax on my estimated total income for the relevant financial year after including this dividend income on which tax is to be deducted, will be NIL. Can I then request the Company not to deduct tax at source and to pay the amount without deduction of tax at source?

Yes, in case you are resident Individual shareholder and your total income is not exceeding the income chargeable to tax in India as per Income Tax Act, 1961, then you can submit Form 15G/15H immediately to the Company along with copy of self-attested PAN card. Please note Form 15G/15H, if applicable, is to be filed every Financial Year preferably in the month of April (beginning of the FY). Please ensure that your correct PAN card details are already updated in your demat account /physical folio as the case may be before applying so.

Form 15G (applicable to an individual aged less than 60 years) available at <https://www.incometaxindia.gov.in/pages/downloads/most-used-forms.aspx>

Form 15H (applicable to an Individual aged 60 years or more) available at <https://www.incometaxindia.gov.in/pages/downloads/most-used-forms.aspx>

5. Where does the shareholder need to update the PAN?

Demat Shareholding: If the shares are held in Demat form, the PAN needs to be updated with the Depository.

Physical Shareholding: If the shares are held in physical form, the PAN needs to be updated with the Company's Registrar and Transfer Agents – Kfin Technologies Limited Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032.

6. Are there any resident exempted from deduction of TDS on Dividend?

Yes, illustrative list of entities which are exempt from TDS on dividend, subject to fulfilment of conditions given under the Income tax Act and Rules and on provision of requisite documents is, as under:

- Insurance entities (LIC, GIC, etc.): TDS is not applicable on payment of dividend to these insurance entities which are given exemption under proviso to section 194 of Income Tax Act, 1961. Such Insurance entities should provide a self-declaration that they are engaged in insurance business with a self-attested copy of PAN card and registration certificate with Insurance Regulatory and Development Authority (IRDA).
- Mutual Funds: In terms of section 196, TDS is not applicable on payment of dividend to Mutual Funds covered under section 10(23D) of Income Tax Act, 1961. Such Mutual Funds should provide a self-declaration that they are covered under Section 10 (23D) of the Income Tax Act, 1961, with a self-attested copy of PAN card and registration certificate.
- Indian Government entities: TDS is not applicable on payment of dividend made to Government, Reserve Bank of India (RBI), Specified Corporations established by or under Central Act whose income is exempt from tax. Declaration should be provided that they are covered under provisions of section 196(iii) of the act.
- Corporation established by or under a Central Act which is exempt from income-tax on its income: In terms of section 196, TDS is not applicable on payment of dividend to a corporation established by or under a Central Act which is exempt from income-tax on its income. Such corporations should provide a documentary evidence for the aforesaid.
- Alternate investment fund (category – I & II): TDS is not applicable on payment of dividend to Alternate investment fund (category – I & II), covered by Notification No. 51/2015 dated June 25, 2015, where dividend is exempt under section 10(23FBA) and this entity is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012. Such entities should provide a self-attested copy certificate of registration as a Category I or a Category II Alternative Investment Fund with PAN.
- Persons who have obtained a certificate under section 197 of the Income-tax Act: TDS would be done as per the lower or nil rate that may be mentioned in the

certificate under section 197 of the Act. The certificate furnished to the Company should specifically mention the TAN - MUMU67455D and the nature of income as dividend, amount expected and the payer as Axis Bank Limited.

- o Other persons who may be exempt under any other provisions under the IT Act: The Company, in absence of any express dispensation in the statute, would generally do a TDS on dividend payments to such persons so as to comply the provisions of the IT Act. However, in a case where a shareholder furnishes - a) relevant documentation to suggest that it is exempt from tax; and b) a specific notification/ circular issued by the CBDT stating that TDS should not be done on payments to such a shareholder, the Bank may consider the documents and determine TDS applicability.

7. What are tax deduction rates in case of Non-filers of returns?

Section 206AB of the Act mandates special provisions for TDS in respect of taxpayers who have not filed their income-tax return for the previous year (referred to as specified persons). As per provisions of section 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the specified persons:

- (a) at twice the rate specified in the relevant provision of the Act; or
- (b) at twice the rate or rates in force; or
- (c) at the rate of 5%.

In cases where Sections 206AA and 206AB are applicable i.e. the shareholder has not submitted the PAN as well as not filed the return; tax will be deducted at higher of the two rates prescribed in these sections. "Specified person" is defined u/s 206AB(3) of the Act.

Non-resident shareholders who do not have permanent establishment in India are excluded from the scope of a "specified person".

8. What is benefit under Rule 37BA?

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Bank in the manner prescribed by the Rules.

9. What is the WHT rate applicable for Non Resident shareholders?

Withholding tax rates for different categories of Non-resident shareholders are tabulated below:

Section	Particulars	Applicable TDS Rates	Remarks
196D	FII/FPI	20%	<ul style="list-style-type: none"> • Rate to be increased by applicable surcharge & cess. • FII/ FPI to be entitled to avail beneficial tax rate if any under Double Taxation Avoidance Agreements if documents

			referred below are duly submitted.
196C	Non-resident shareholder being Depository for Global Depository Receipt (GDR)	10%	<ul style="list-style-type: none"> • Declaration that it is covered by section 196C of the Act • Rate to be increased by applicable surcharge & cess.
195	For other non resident shareholders	20%	<ul style="list-style-type: none"> • Rate to be increased by applicable surcharge & cess. • They are entitled to avail beneficial tax rate if any under Double Taxation Avoidance Agreements if documents referred in below are duly submitted.
197	All non-resident shareholders who furnishes LDC	Rate specified in the lower deduction certificate issued by the income tax department	<ul style="list-style-type: none"> • Self-attested copy of certificate under section 197 of the Act. • Please note the TAN of Axis Bank Limited to be mentioned in the lower deduction certificate as MUMU67455D
	Non-resident shareholders having Permanent Establishment (PE) in India and who is a specified person as per section 206AB	-	<ul style="list-style-type: none"> • Twice the applicable rate would be applied

10. What are the documents required to be furnished by a non-resident shareholder, whether or not a FII/FPI, to avail tax treaty benefit?

In order to avail tax treaty benefits, non-resident shareholders would be required to submit the following documents:

- a. Tax Residency Certificate (TRC) for FY 2022-23. TRC can be obtained from the Revenue / Tax authorities of the country of which the shareholder is resident.
- b. Form 10F for FY 2022-23 as per the format specified under Income Tax Act, 1961 available at

<https://www.incometaxindia.gov.in/forms/incometax%20rules/10312000000007197.pdf>

- c. Self-attested Copy of PAN Card, if available;
- d. Self-declaration inter-alia of beneficial ownership, not having a PE in India, etc.

Please note that the Bank is not obligated to apply the beneficial treaty rates at the time of tax deduction of TDS on dividend. Application of beneficial treaty rate shall depend upon the completeness and satisfactory review by the Bank, of the documents submitted by the non-resident shareholder.

If the documents are not provided or are not complete in order to provide the beneficial treaty rates, then tax will be deducted at 20% plus applicable surcharge and cess.

11. What are the timelines to submit documents?

All the above-mentioned documents should be uploaded in this link <https://ris.kfintech.com/form15/> on or before July 7, 2023. Failure to do so, will attract higher TDS rates as mentioned in the above paragraphs.

12. Where will be information on tax deducted be available?

Shareholders can check Form 26AS from their e-filing accounts at <https://incometaxindiaefiling.gov.in>.

FORM NO. 15G**[See section 197A(1), 197A(1A) and rule 29C]****Declaration under section 197A (1) and section 197A(1A) to be made by an individual or a person (not being a company or firm) claiming certain incomes without deduction of tax.****PART I**

Name of Assessee (Declarant)		PAN of the Assessee	
Status		Previous Year (P. Y.) (for which declaration is being made)	Residential Status
Flat/Door/Block No.	Name of Premise	Road/Street/Lane	Area/Locality
Town/City/District	State	PIN	Email
Telephone No. (with STD Code) and Mobile No.	Whether assessed to tax under the Income-tax Act, 1961		Yes: No:
	If yes, latest assessment year for which assessed		
Estimated income for which this declaration is made		Estimated total income of the P.Y. in which income mentioned in column 16 to be included	
Details of Form No. 15G other than this form filed during the previous year, if any			
Total No. of Form No. 15G filed		Aggregate amount of income for which Form No.15G filed	

Details of income for which the declaration is filed

Sl. No.	Identification number of relevant investment/account, etc	Nature of income	Section under which tax is deductible	Amount of income
1				
2				
3				
4				
5				
6				
7				

Signature of the Declarant

Declaration/Verification

*I/We _____ do hereby declare that to the best of *my/our knowledge and belief what is stated above is correct, complete and is truly stated. *I/We declare that the incomes referred to in this form are not includible in the total income of any other person under sections 60 to 64 of the Income-tax Act, 1961. *I/We further declare that the tax *on my/our estimated total income including *income/incomes referred to in column 16 *and aggregate amount of *income/incomes referred to in column 18 computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on _____ relevant to the assessment year _____ will be nil. * I/We also declare that *my/our *income/incomes referred to in column 16 *and the aggregate amount of *income/incomes referred to in column 18 for the previous year ending on _____ relevant to the assessment year _____ will not exceed the maximum amount which is not chargeable to income-tax.

Place _____

Date _____

Signature

PART II

Name of the person responsible for paying		Unique Identification No.	
PAN of the person responsible for paying	Complete Address	TAN of the person responsible for paying	
Email	Telephone No. (with STD Code) and Mobile	Amount of income paid	
Date on which Declaration is received (DD/MM/YYYY)		Date on which the income has been paid/credited	

Place _____

Date _____

Signature of the person responsible for paying the income

*Delete whichever is not applicable.

1 As per provisions of section 206AA(2), the declaration under section 197A(1) or 197A(1A) shall be invalid if the

declarant fails to furnish his valid Permanent Account Number (PAN).

2 Declaration can be furnished by an individual under section 197A(1) and a person (other than a company or a firm)

under section 197A(1A).

3 The financial year to which the income pertains.

4 Please mention the residential status as per the provisions of section 6 of the Income-tax Act, 1961.

5 Please mention "Yes" if assessed to tax under the provisions of Income-tax Act, 1961 for any of the assessment

year out of six assessment years preceding the year in which the declaration is filed.

6 Please mention the amount of estimated total income of the previous year for which the declaration is filed

including the amount of income for which this declaration is made.

7 In case any declaration(s) in Form No. 15G is filed before filing this declaration during the previous year, mention

the total number of such Form No. 15G filed along with the aggregate amount of income for which said declaration(s) have been filed.

8 Mention the distinctive number of shares, account number of term deposit, recurring deposit, National Savings

Schemes, life insurance policy number, employee code, etc.

9 Indicate the capacity in which the declaration is furnished on behalf of a HUF, AOP, etc.

10 Before signing the declaration/verification, the declarant should satisfy himself that the information furnished in

this form is true, correct and complete in all respects. Any person making a false statement in the declaration shall

be liable to prosecution under section 277 of the Income-tax Act, 1961 and on conviction be punishable-

(i) in a case where tax sought to be evaded exceeds twenty-five lakh rupees, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine;

(ii) in any other case, with rigorous imprisonment which shall not be less than three months but which may

extend to two years and with fine.

11 The person responsible for paying the income referred to in column 16 of Part I shall allot a unique identification

number to all the Form No. 15G received by him during a quarter of the financial year and report this reference

number along with the particulars prescribed in rule 31A(4)(vii) of the Income-tax Rules, 1962 in the TDS statement

furnished for the same quarter. In case the person has also received Form No.15H during the same quarter, please

allot separate series of serial number for Form No.15G and Form No.15H.

12 The person responsible for paying the income referred to in column 16 of Part I shall not accept the declaration

where the amount of income of the nature referred to in sub-section (1) or sub-section (1A) of section 197A or the

aggregate of the amounts of such income credited or paid or likely to be credited or paid during the previous year in

which such income is to be included exceeds the maximum amount which is not chargeable to tax. For deciding the

eligibility, he is required to verify income or the aggregate amount of incomes, as the case may be, reported by the

declarant in columns 16 and 18.;

¹FORM NO. 15H

[See section 197A(1C) and rule 29C]

Declaration under section 197A(1C) to be made by an individual who is of the age of sixty years or more claiming certain incomes without deduction of tax.**PART I**

1. Name of Assessee (Declarant)		2. Permanent Account Number or Aadhaar Number of the Assessee ¹		3. Date of Birth ² (DD/MM/YYYY)	
4. Previous year(P.Y.) ³ (for which declaration is being made)		5. Flat/Door/Block No.		6. Name of Premises	
7. Road/Street/Lane		8. Area/Locality		9. Town/City/District	
				10. State	
11. PIN	12. Email		13. Telephone No. (with STD Code) and Mobile No.		
14 (a) Whether assessed to tax ⁴ :				Yes	No
(b) If yes, latest assessment year for which assessed					
15. Estimated income for which this declaration is made					
16. Estimated total income of the P.Y. in which income mentioned in column 15 to be included ⁵					
17. Details of Form No.15H other than this form filed for the previous year, if any ⁶					
Total No. of Form No.15H filed		Aggregate amount of income for which Form No.15H filed			
18. Details of income for which the declaration is filed					
Sl. No.	Identification number of relevant investment/account, etc. ⁷	Nature of income	Section under which tax is deductible	Amount of income	

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Signature of the Declarant

1. Substituted by the IT (Fourteenth Amdt.) Rules, 2015, w.e.f. **1-10-2015**. Earlier Form No. 15H was amended by the IT (Fifth Amdt.) Rules, 1982, w.e.f. 21-6-1982, IT (Fifth Amdt.) Rules, 1989, w.r.e.f. 1-4-1988, IT (Fourteenth Amdt.) Rules, 1990, w.e.f. 20-11-1990, IT (Twelfth Amdt.) Rules, 1992, w.e.f. 1-6-1992, IT (Seventh Amdt.) Rules, 1995, w.e.f. 1-7-1995, IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999, IT (Twelfth Amdt.) Rules, 2002, w.e.f. 21-6-2002, IT (Eighth Amdt.) Rules, 2003, w.e.f. 9-6-2003, IT (Fourteenth Amdt.) Rules, 2003, w.e.f. 1-8-2003 and IT (Second Amdt.) Rules, 2013, w.e.f. 19-2-2013.

Declaration/Verification⁸

I do hereby declare that I am resident in India within the meaning of section 6 of the Income-tax Act, 1961. I also hereby declare that to the best of my knowledge and belief what is stated above is correct, complete and is truly stated and that the incomes referred to in this form are not includible in the total income of any other person under sections 60 to 64 of the Income-tax Act, 1961. I further declare that the tax on my estimated total income including *income/incomes referred to in column 15 *and aggregate amount of *income/incomes referred to in column 17 computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on relevant to the assessment year will be *nil*.

Place:

.....

Date:

Signature of the Declarant

PART II

[To be filled by the person responsible for paying the income referred to in column 15 of Part I]

1. Name of the person responsible for paying		2. Unique Identification No. ⁹	
3. Permanent Account Number or Aadhaar Number of the person responsible for paying	4. Complete Address		5. TAN of the person responsible for paying
6. Email	7. Telephone No. (with STD Code) and Mobile No.	8. Amount of income paid ¹⁰	
9. Date on which Declaration is received (DD/MM/YYYY)		10. Date on which the income has been paid/credited (DD/MM/YYYY)	

Place:

.....

Date:

Signature of the person responsible for paying the income referred to in column 15 of Part I

*Delete whichever is not applicable.

1. As per provisions of section 206AA(2), the declaration under section 197A(1C) shall be invalid if the declarant fails to furnish his valid Permanent Account Number or Aadhaar Number.
2. Declaration can be furnished by a resident individual who is of the age of 60 years or more at any time during the previous year.
3. The financial year to which the income pertains.
4. Please mention “Yes” if assessed to tax under the provisions of Income-tax Act, 1961 for any of the assessment year out of six assessment years preceding the year in which the declaration is filed.
5. Please mention the amount of estimated total income of the previous year for which the declaration is filed including the amount of income for which this declaration is made.
6. In case any declaration(s) in Form No. 15H is filed before filing this declaration during the previous year, mention the total number of such Form No. 15H filed along with the aggregate amount of income for which said declaration(s) have been filed.
7. Mention the distinctive number of shares, account number of term deposit, recurring deposit, National Savings Schemes, life insurance policy number, employee code, etc.
8. Before signing the declaration/verification, the declarant should satisfy himself that the information furnished in this form is true, correct and complete in all respects. Any person making a false statement in the declaration shall be liable to prosecution under section 277 of the Income-tax Act, 1961 and on conviction be punishable—

- (i) in a case where tax sought to be evaded exceeds twenty-five lakh rupees, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine;
- (ii) in any other case, with rigorous imprisonment which shall not be less than three months but which may extend to two years and with fine.

9. The person responsible for paying the income referred to in column 15 of Part I shall allot a unique identification number to all the Form No. 15H received by him during a quarter of the financial year and report this reference number along with the particulars prescribed in rule 31A(4)(vii) of the Income-tax Rules, 1962 in the TDS statement furnished for the same quarter. In case the person has also received Form No.15G during the same quarter, please allot separate series of serial number for Form No.15H and Form No.15G.

10. The person responsible for paying the income referred to in column 15 of Part I shall not accept the declaration where the amount of income of the nature referred to in section 197A(1C) or the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to tax after allowing for deduction(s) under Chapter VI-A, if any, or set off of loss, if any, under the head “income from house property” for which the declarant is eligible. For deciding the eligibility, he is required to verify income or the aggregate amount of incomes, as the case may be, reported by the declarant in columns 15 and 17.

¹**[Provided that such person shall accept the declaration in a case where income of the assessee, who is eligible for rebate of income-tax under section 87A, is higher than the income for which declaration can be accepted as per this note, but his tax liability shall be nil after taking into account the rebate available to him under the said section 87A.]**

1. Inserted by Income-tax (4th Amendment) Rules, 2019, w.e.f. **22-5-2019**.

On the letterhead of Shareholder

DECLARATION FOR NON-RESIDENT SHAREHOLDERS

(To be declared by non-resident shareholder for declaring existence/ non-existence of PE in India and availing the benefits of lower tax deduction under Section 90 of the Indian Income Tax Act, 1961 ('IT Act') read with the provisions of the Tax Treaty with India and the Multilateral Instrument)

Date-----

To
Axis Bank Limited
Registered Office
Trishul Third Floor,
Opp. Samartheshwar Temple,
Law Garden, Ellisbridge,
Ahemdabad- 380006

This is to declare and confirm that:

1. <<Name of Shareholder>> is a tax resident of << Name of the Country of residence of shareholder ('COR')>> during the financial year ('FY') 2023-24 within the meaning of Double Taxation Avoidance Agreement ('DTAA') between India and <<<COR>>, read with the provisions laid down in Multilateral Instrument ('MLI'), as applicable.
2. I/We hereby declare that, I am/We are the beneficial owner of the investments made by me/us in the shares of Axis Bank Limited and also dividend income receivable from such investments 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.
3. I/We further declare that I am/We are eligible to claim benefit of the tax treaty between India and <<COR>> including satisfaction of the Limitation of Benefits clause (wherever applicable). I/We also enclose a self-attested copy of Tax Residency Certificate ('TRC') (of FY 2023-24 i.e. covering the period from 01 April, 2023 to March 31, 2024) obtained from the tax authorities of the country of which I am/ We are resident.
4. Further, I/We do not have any Permanent Establishment ('PE'), Fixed base or place of effective management in India as per the provisions of Income-tax Act, 1961 and as per the abovementioned DTAA read with provisions as laid down in MLI, wherever applicable.
5. I/We do not have any business connection in India within the meaning of Section 9 of the Income-tax Act, 1961. Further I/We hereby declare and confirm that I/We do not fall under the definition of 'specified person' as provided in section 206AB of the IT Act
6. We hereby declare that no arrangement / transaction has been undertaken for the purpose of obtaining any benefits under the DTAA which results into non-taxation or reduced taxation through tax evasion or tax avoidance (including treaty shopping arrangements) or any other means and that the provisions of GAAR and anti-avoidance provisions as prescribed under the aforementioned DTAA are satisfied. We specifically confirm that obtaining benefit under the applicable tax treaty was not one of the principal purposes of the arrangement or transaction pursuant to which income is payable / being paid to me by Axis Bank Limited

7. I/We undertake to comply with all the relevant provisions of the Indian Income-tax Act, 1961, pay necessary income-tax (if any) arising from the transactions, furnish necessary returns, statements and other documents to the Income-tax authorities in India as may be applicable.
8. I/We undertake to provide all necessary documents and reasonable assistance to Axis Bank Limited as and when required by them in connection with any proceedings before the Indian Revenue Authorities.
9. If case of any misrepresentation or false documentation provided/made by us, we shall indemnify the Axis Bank Limited as well as any other person who places reliance on these declaration / documents to the extent of taxes and other liabilities that may be levied on the Axis Bank Limited and / or such other person by the Indian Revenue Authorities.
10. I/ We, confirm that the declaration / facts / documents provided above are true and correct and shall be applicable for the FY 2023-24. I/We undertakes to intimate Axis Bank Limited if there are any changes in the above fact during FY 2023-24.

Date:

Place:

Address:

Email and Phone Number

Full Name:

Signature: