



GUJARAT AMBUJA EXPORTS LIMITED

NURTURING BRANDS

Deduction of Tax at Source (TDS) on dividend

In accordance with provisions of the Income-tax Act, 1961 ("IT Act") as amended by, and read with the provisions of the Finance Act, 2020, applicable with effect from 1st April, 2020, dividend declared and paid by the Company is taxable in the hands of its shareholders, and accordingly the Company is required to deduct tax at source ("TDS") at the applicable rates. However, no TDS shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during any Financial Year does not exceed ₹ 5,000/-.

In view of the above, the Company would be deducting TDS as per the applicable provisions and TDS rates, while paying the dividend for the said F.Y. The shareholders are advised to update their PAN with the Depository Participant, if shares are held in Demat form, and with the Registrar & Transfer Agent of the Company, if shares held in Physical form. Tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors ("FIIs") and Foreign Portfolio Investors ("FPIs") in view of specific provision under Section 196D of IT Act.

Further, the shareholders have an option to apply to the Company for non-deduction of TDS or deduction of TDS at a lower rate by providing the necessary documents to the Company as prescribed in Annexure-A. The Non-Resident shareholders who wish to take benefit of the rates as prescribed under the Double Tax Avoidance Agreement ("DTAA") shall also be required to submit the necessary documents as prescribed in **Annexure-A**.

The above referred documents, duly completed and signed are required to be e-mailed to the Registrar & Transfer Agent ("RTA") of the Company, Jupiter Corporate Services Limited through registered e-mail address by quoting your Name, Folio number / Demat Account No., number of shares and PAN details at its e-mail address jayvijay@ambujagroup.com on or before Friday, August 25, 2023 in order to enable the Company to determine and deduct appropriate TDS / withholding tax.

In case where the **originally signed documents** are required to be submitted, the same should be submitted to our RTA at their address: Jupiter Corporate Services Limited, Unit – Gujarat Ambuja Exports Limited, "Ambuja Tower", Opp. Sindhu Bhavan, Sindh Bhavan Road, Bodakdev, P.O. Thaltej, Ahmedabad – 380 059 within the above prescribed time limit. No communication on the tax determination / deduction shall be entertained in respect of the above dividend declared after the above time limit.

All communications / queries in this respect should be addressed and sent to our RTA, Jupiter Corporate Services Limited at its e-mail address mentioned above.

Shareholders may note that in case the tax on the said dividend is deducted at a higher rate in the absence of receipt, or insufficiency of the aforementioned details / documents from you, an option is available to you to file the return of income as per the IT Act and claim an appropriate refund, if eligible.

In order to know the amount of tax deducted, the Company shall be sending the TDS certificate in respect of tax deducted to its shareholders after payment of dividend in due course. Alternatively, the shareholders can also check Form 26AS from their e-filing accounts at <https://incometaxindiaefiling.gov.in>.



List of Documents to be submitted for non-deduction of Tax at Source or for applying concessional Rates of TDS

Sl. No.	Category	Documents required under the Income-tax Act, 1961 for applying concessional Rates of TDS/ Nil TDS	Mode of submission
1.	Resident Individuals	¹ Certificate under Section 197 of the IT Act Or ¹ Form 15G/ 15H (in respect of Sections 197A(1) &	One photo copy Two copies in original
2.	Non-Resident Individuals / Foreign Nationals/Foreign Banks, Erstwhile OCBs (Other than FPI/FII)	¹ Certificate under Section 195 or 197 of the IT Act Or ¹ <u>Tax Residency Certificate</u> issued by the Revenue / Tax Authorities of the country of which the shareholder is Resident, for the year in which dividend is to be received & <u>Form 10F</u> as per the IT Act, and <u>Self-Declaration</u> – No PE and Beneficial Owner NOTE: <i>The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding 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.</i>	One photo copy One copy each of all documents in original
3.	HUFs / Trust / Trusts / Associations/ Resident Bodies Corporates / Commercial Banks / Indian Financial Institutions / Clearing Members	Certificate under Section 197 of the IT Act	One photo copy
4.	Foreign Bodies Corporate	Certificate under Section 195 or 197 of the IT Act	One photo copy
5.	Mutual Funds	Certificate that Mutual Fund is specified under Section 10(23D) of the IT Act	One photo copy



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The rate of TDS as per the IT Act depends upon the status of the recipient and is explained herein below:

Particulars	Resident Shareholders	Non Resident Shareholders	FII/FPIs - other than FIIs/FPIs
Applicable section	194	195	196D
Threshold	₹ 5000/- (Applicable only to Individual Shareholders)	Nil	Nil
Form 15G / 15H	Can be submitted only by Individual shareholders	Not applicable	Not applicable
DTAA benefit	Not applicable	Subject to furnishing mandatory documents as prescribed under the IT Act	Subject to furnishing mandatory documents as prescribed under the IT Act
TDS rates	10%	20% (plus applicable surcharge and education cess) subject to applicable DTAA rates	20% (plus applicable surcharge and education cess) subject to applicable DTAA rates

1. Resident shareholders:

In case of resident shareholders, Section 194 of the IT Act provides mandate for withholding tax at the rate of 10% on dividend income.

In absence of Permanent Account Number (PAN), TDS rate of 20% will apply as per the provisions of Section 206AA of the IT Act. Accordingly, shareholders who have not provided their PAN are requested to provide the same to the Company (in respect of shares held in physical form) or to the DP (in respect of shares held in electronic form), on immediate basis.

No tax shall be deducted at source on payment of dividend not exceeding ₹ 5000/- to a resident individual shareholder.

Resident individual shareholder, whose total dividend income in a financial year exceeds ₹ 5,000/- and who wish to receive dividend without deduction of tax at source may submit a declaration in Form No. 15G/ Form No. 15H by sending documents through e-mail to jayvijay@ambujagroup.com on or before the start of the Book Closure Date, followed by original copy to the RTA at its Registered Office. Please note that submission of original documents is mandatory

Kindly note that the threshold of ₹ 5,000/- or option to file Form 15G / Form 15H is not applicable to Resident HUF shareholders and the Company would deduct TDS in respect of such shareholders, as specified under Section 194 in full.

2. Non-resident shareholders (other than Foreign Portfolio Investors/ Foreign Institutional Investors):

In case of non-resident shareholders other than foreign companies, Section 195 of the IT Act provides mandate for withholding tax at the rate of 20% plus applicable surcharge and health and education cess of 4% on dividend income thereby making effective rate of TDS as under:

For non-resident shareholders other than foreign companies and firms:

Particulars	Surcharge Rate	Effective TDS rate
Dividend Income not exceeding ₹ 50,00,000/-	Nil	20.80%
Dividend Income exceeds ₹ 50,00,000/- but does not exceed ₹ 1,00,00,000/-	10%	22.88%
Dividend Income exceeding ₹ 1,00,00,000/-	15%	23.92%

In case of non-resident shareholders, being foreign companies, the IT Act provides mandate for withholding tax at the rate of 20% plus applicable surcharge and health and education cess of 4% on dividend income making effective rate of TDS as under:

For non-resident shareholders being foreign companies:

Particulars	Surcharge Rate	Effective TDS rate
Dividend Income not exceeding ₹ 1,00,00,000/-	Nil	20.80%
Dividend Income exceeds ₹ 1,00,00,000/- but does not exceed ₹ 10,00,00,000/-	2%	21.216%
Dividend Income exceeding ₹ 10,00,00,000/-	5%	21.84%



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For non-resident shareholders being a firm:

Particulars	Surcharge Rate	Effective TDS rate
Dividend Income not exceeding ₹1,00,00,000/-	Nil	20.80%
Dividend Income exceeding ₹1,00,00,000/-	12%	23.296%

Please note that the Company in its sole discretion reserves the right to call for any further information and/or to apply domestic law / DTAA for TDS.

3. Non-resident institutional shareholders (Foreign Portfolio Investors/ Foreign Institutional Investors (FPI / FII))

In case of FPI / FII shareholders, the IT Act provides mandate for withholding tax at the rate of 20% plus applicable surcharge and health and education cess of 4% on dividend income making effective rate of TDS as under:

For FPI/FII shareholders other than being a Company or a Firm:

Particulars	Surcharge Rate	Effective TDS rate
Dividend Income not exceeding ₹50,00,000/-	Nil	20.80%
Dividend Income exceeds ₹50,00,000/- but does not exceed ₹1,00,00,000/-	10%	22.88%
Dividend Income exceeding ₹1,00,00,000/-	15%	23.92%

For FPI/FII shareholders being a Company:

Particulars	Surcharge Rate	Effective TDS rate
Dividend Income not exceeding ₹1,00,00,000/-	Nil	20.80%
Dividend Income exceeds ₹1,00,00,000/- but does not exceed ₹10,00,00,000/-	2%	21.216%
Dividend Income exceeding ₹10,00,00,000/-	5%	21.84%

For FPI/FII shareholders being a Firm:

Particulars	Surcharge Rate	Effective TDS rate
Dividend Income not exceeding ₹1,00,00,000/-	Nil	20.80%
Dividend Income exceeding ₹1,00,00,000/-	12%	23.296%

Treaty benefits under provisions of Double Tax Avoidance Agreements (DTAA)

In respect of non-resident shareholders (including foreign companies), the TDS rates mentioned above will be further subject to any benefits available under the Double Taxation Avoidance Agreement (DTAA) read with Multilateral Instrument (MLI) provisions, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA read with MLI.

Further, Finance Act, 2021, inserted a proviso to Section 196D(1) of the IT Act to provide that in case of a payee to whom an agreement referred to in Section 90(1) or Section 90A(1) applies and such payee has furnished the TRC referred to in Section 90(4) or Section 90A(4) of the I-T Act, then the tax shall be deducted at the rate of 20% or rate or rates of income-tax provided in such agreement for such income, whichever is lower.

Accordingly, the TDS rates mentioned above will be further subject to any benefits available under the DTAA read with MLI provisions, if any, between India and the country in which such FPI/FII shareholder is considered as resident in terms of such DTAA read with MLI.

This amendment is effective on all dividend payments on or after 1st April, 2021.

In order to claim the benefit under DTAA, the Non-resident / FPI/FII shareholders would be required to submit the following documents each financial year on or before the start of Book Closure Date fixed for determining the shareholders who are eligible to receive the dividend, if so approved at the AGM:

- Tax Residency Certificate (TRC) issued by the Tax/Government authority of the country in which such shareholder is a resident (valid for the relevant financial year);
- Form 10F containing therein information to be provided under Section 90(5)/90A(5) of the IT Act, if not so covered in TRC (valid for the relevant financial year);
- Declaration from such shareholders stating the following:
 - That the shareholder did not at any time during the relevant year have a permanent establishment in India;
 - That the shareholder is the beneficial owner of the dividend;
 - That the conduct and affairs of the shareholder is not arranged with the main or principal purpose of obtaining any tax benefits, directly or indirectly, under the Tax Treaty; and
 - That the arrangement of the shareholder is not covered under impermissible avoidance arrangement.



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Please note that the Company in its sole and absolute discretion reserves the right to call for any further information and/or to apply domestic law / DTAA for TDS.

4. Introduction of Section 206AB applicable to all shareholders (resident and non-resident)

Effective 1st July, 2021, Finance Act, 2021 has inserted Section 206AB of the IT Act on special provision for TDS for non-filers of income-tax return whereby tax has to be deducted at twice the rate specified in the relevant provision of the IT Act.

Section 206AB(1) of the IT Act provides that where TDS is required to be deducted under Chapter XVIIIB, other than Sections 192, 192A, 194B, 194BB, 194LBC or 194N on any sum or income or amount paid, or payable or credited, by a person to a specified person, the tax shall be deducted at the higher of the below rates:-

- at twice the rate specified in the relevant provision of the IT Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Further, sub section (2) of Section 206AB provides that where Sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher rate between both the said sections.

The term 'specified person' is defined in sub section (3) of Section 206AB 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 IT 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.

To view / download Form 15G : [click here](#)

To view / download Form 15H : [click here](#)

To view / download Form 10F : [click here](#)

To view / download Non-Residents Tax Declaration Format : [click here](#)

Disclaimer: This Communication shall not be treated as an advice from the Company. Shareholders should obtain tax advice related to their tax matters from a tax professional.