



## **MENON BEARINGS LIMITED**

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Date: 20/10/2021

Ref: Folio / DP Id & Client Id No:

Name of the Shareholder:

**Subject: Communication in respect of deduction of tax at source on Dividend payout**

**Dear Shareholder,**

We are pleased to inform you that the Board of Directors at their Meeting held on 20<sup>th</sup> October, 2021 have declared an Interim Dividend of Rs. 2.00/- per Equity Share of Re. 1 each (i.e 200 % of paid up share capital of the Company) for FY 2021-22. The said dividend will be payable to those shareholders whose names appear in the Register of Members of the Company as on 28<sup>th</sup> October, 2021.

In accordance with the provisions of the Income Tax Act, 1961 ("the Act") as amended by and read with the provisions of the Finance Act, 2020, with effect from April 1, 2020, dividend distributed or declared or paid by the Company shall be taxable in the hands of shareholders and the Company shall be therefore required to deduct tax at source (TDS) from dividend paid to the shareholders at the applicable rates.

This communication summarizes the applicable TDS provisions, as per the Income Tax Act, 1961, for Resident and Non-Resident shareholder categories.

**For Resident Shareholders:**

1. Where, the Permanent Account Number (PAN) is available and is valid,
  - A. Tax shall be deducted at source u/s 194 of the Act, at 10% on the amount of dividend payable.

- B. However, tax shall not be deducted in the case of a resident shareholder, if:
- i. the shareholder is an individual and the amount of such dividend in aggregate paid or likely to be paid during the financial year does not exceed INR 5,000; OR
  - ii. the shareholder provides duly signed Form 15G (applicable to individuals) or Form 15H (applicable to an individual above the age of 60 years), provided that all the prescribed eligibility conditions are met. The format of Form 15G and Form 15H are available on the website of Link Intime India Private Limited; OR
  - iii. Shareholder exempted from TDS provisions in terms of any CBDT Circular or notification provide the relevant documentary evidence in relation to the same(self-attested);OR
  - iv. class of shareholders are covered under provisions of Section 194 or Section 196 or Section 197A(1F) of the Act, no tax shall be deducted at source ('Nil rate') provided sufficient documentary evidence thereof, to the satisfaction of the Company, is submitted. The minimum details required for the aforesaid category are given below:

(a) Class of shareholders exempted from withholding of tax under Section 194:

Insurance Companies: A declaration that they have a full beneficial interest with respect to the shares owned by them along with PAN.

(b) Class of shareholders exempted from withholding of tax under Section 196:

Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income: Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of the Act along with a self-attested copy of the PAN card and registration certificate.

Mutual Funds: Self-declaration that they are specified and covered under section 10 (23D) of the Act along with a self-attested copy of PAN card and registration certificate.

(c) Class of shareholders exempted from withholding of tax being notified under Section 197A(1F):

Alternative Investment Fund (AIF) established in India / incorporated in India - Self- declaration that their income is exempt under Section 10 (23FBA) of the Act, being dividend income not chargeable under the head 'Profits and gains of business or profession' and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and registration certificate.

Application of Nil TDS rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Resident shareholders.

C. Lower/ NIL TDS will be deducted in case of shareholders who provide valid lower/nil deduction certificate u/s 197 of the Act.

2. Further, the Finance Act, 2021 has introduced new section 206AB in the Income Tax Act, 1961, which is effective from July 1, 2021, imposing higher deduction of tax for “specified person” i.e being a person who is non-filers of the Income Tax Returns for the immediately two previous years as applicable to relevant financial year i.e FY 2018-19 and FY 2019-20; and the aggregate of TDS and TCS in his case is Rs. 50,000/- or more in each of this two previous years of specified person. In this regard, the shareholders are required to submit the necessary self-declaration format of which is given in the link below, However, the Income Tax department has released a Compliance Check functionality for section 206AB of the Act, to identify such specified person whom the section 206AB of the Act shall apply. In the event, if the shareholders are identified under the said facility as specified person, then the tax shall be deducted at higher rate as per section 206AB of the Act (i.e @ 20%).

3. Where the PAN is either not available or is invalid, tax shall be deducted at the prescribed rate or 20%, whichever is higher.

#### **For Non-Resident Shareholders:**

1. Tax is required to be deducted in accordance with the provisions of section 195 of the Act read with Part II of First Schedule of the Finance Act, 2020, at the rate of 20% (plus applicable surcharge and health and education cess) on the amount of dividend payable. However, lower/ NIL TDS will be deducted in case of shareholders who provide valid lower deduction certificate u/s 197 of the Act.

2. For Foreign Institutional Investors (“FII”) and Foreign Portfolio Investors (“FPI”) tax shall be deducted at source @20% (plus applicable surcharge and health and education cess) on dividend paid under section 196D of the Act.

3. However, the non-resident shareholder as per section 90(2) of the Act / FII/FPI as per proviso to sub-section (1) of section 196D (inserted vide Finance Act, 2021), may have an 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 non-resident shareholder/FII/FPI, if such Tax Treaty provisions read with Multilateral Instruments (MLI) modifications, if applicable, are more beneficial to them. To avail the Tax Treaty benefits, the nonresident shareholder/FII/FPI shall furnish the following documents by no later than October 27, 2021, 6:00 PM Indian Standard Time to the Link Intime India Private Ltd - Registrars and Transfer Agents (RTA) of the Company.

a. Self attested copy of Permanent Account Number (PAN), if allotted by the Indian Income Tax Authorities; If PAN is not allotted to Shareholder, then to provide Shareholder’s email address, contact number and address in the country of residence;

- b. Selfattested Tax Residency Certificate (TRC) obtained from the Competent tax authorities of the country of which shareholder is a resident, evidencing and certifying shareholder's tax residency status during the Financial Year 2021-22;
  - c. Completed and duly signed Self Declaration in Form 10F; if all the details required in this form are not mentioned in the TRC; which is available on the website of RTA .
  - d. Self-declaration for financial year 2021-22 by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty;
  - e. Selfdeclaration in the prescribed format which is available on the website of RTA , certifying on the following points:
    - i. Shareholder is a tax resident of the Country concerned and will continue to remain a tax resident of the country of its residence during the Financial Year 2021-22;
    - ii. Shareholder is eligible to claim the favorable Tax Treaty rate for the purposes of tax withholding on dividend declared by the Company;
    - iii. Shareholder has no reason to believe that its claim for the benefits of the Tax Treaty is impaired in any manner;
    - iv. Shareholder is the beneficial owner of its shareholding in the Company and dividend receivable from the Company;
    - v. Shareholder adequately satisfy and fulfills the Principal Purpose Test (PPT) and/or Limitation on Benefits (LOB) clause, as may be applicable, and is eligible to claim lower withholding of tax in terms of Tax Treaty benefits;
    - vi. Shareholder adequately fulfils minimum shareholding requirement and/or minimum holding period, etc; as may be applicable, and is eligible to claim lower withholding of tax in terms of Tax Treaty benefits;
    - vii. Shareholder other than individual is not under the Mutual Agreement Procedure for the purpose of determining their residential status;
    - viii. Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2021-22.
4. The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/withholding of tax on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder.

**For all Shareholders:**

The aforementioned forms for tax exemption can be downloaded from Link Intime's website. The url for the same is as under: <https://www.linkintime.co.in/client-downloads.html> –

On this page select the General tab. All the forms are available under the head "Form 15G/15H/10F"

To view / download No PE Declaration Format [click here](#).

The aforementioned documents (duly completed and signed) are required to be uploaded on the url mentioned below :

<https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

On this page the user shall be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

Please note that uploading of documents (duly completed and signed) on the website of Link Intime India Private Ltd (<https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.) should be done on or before October 27, 2021 in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after October 27, 2021, 6:00 PM.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, the Company shall not be liable to refund any excess TDS deducted. Shareholders shall have an option to file a return of income as per the provisions of the Act and claim refund of any excess TDS. No claim shall lie against the Company for such taxes deducted.

All communications/ queries in this respect should be addressed to our RTA - Link Intime India Private Limited to its email address: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) (NO TAX EXEMPTION FORMS SHOULD BE SENT AND THIS MAIL ID IS ONLY FOR QUERIES).

Shareholders are further requested to complete necessary formalities with regard to their Bank accounts attached to their Demat account for enabling the Company to make timely credit of dividend in respective bank account.

*Disclaimer: This Communication shall not be treated as an advice from the Company or its affiliates or Link Intime India Private Limited. Shareholders should obtain the tax advice related to their tax matters from a tax professional.*

We request your cooperation in this regard.

**For Menon Bearings Limited**

**Sd/-**

**Neha Harollikar  
Company Secretary**

**Note: This is a system generated Email. Please do not reply to this Email.**