Frequently Asked Questions ('FAQs') on TDS on Final Dividend

A. Resident Members

1. I am a member. Will my dividend be subjected to TDS? If yes, are there any exceptions?

Rate of TDS on dividend payment to resident individual members:

- As per provisions of Income Tax Act, 2025 (IT Act), tax shall be deducted at source under section 393(1) [Table: S.No.7] read with section 393(4) [Table: S.No.10] of the IT Act at the rate of 10% on the amount of dividend declared and paid by the company during financial year ('FY') 2026-27 *(i.e. period from 1st April 2026 to 31st March 2027)* subject to the following.

Sr. No.	Particulars	Rate of TDS applicable	Section
1.	Permanent Account Number (PAN) not furnished / invalid PAN/inoperative PAN	20%	397(2) of the Act

Note: *Pursuant to Section 262(9) of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In the event of failure to comply with this requirement, the PAN allotted shall be made inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 397(2) of the IT Act.*

Exceptions in case of resident individual members:

- No tax shall be deducted at source on the dividend payable to a resident individual member, if the total dividend to be received from the company during a financial year 2026-27 does not exceed ₹10,000; or if an eligible resident member provides a valid declaration in Form 121 to the company subject to condition that PAN is valid and linked with Aadhaar.

- Further, if a resident individual member, has obtained a lower or nil withholding tax certificate from the tax authorities for the financial year 2026-27 and provides a copy of the same alongwith the declaration as provided below, tax shall be deducted on dividend payable to such member at the rate specified in the said certificate.

Exceptions in case of resident non-individual members:

- No tax shall be deducted at source on dividend payable to the following resident non-individual members, on submission of documents, as provided below:

  a) **Insurance Companies (Public & Other Insurance Companies):** Self-declaration that it qualifies as 'Insurer' as per Section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the equity shares owned by it along with self-attested copy of PAN and certificate of registration with Insurance Regulatory and Development Authority of India (IRDAI) / Life Insurance Corporation of India (LIC) / General Insurance Corporation of India (GIC).

  b) **Mutual Funds:** Self-declaration that it is registered with SEBI and is specified at Schedule VII to section 11 of the Act alongwith self-attested copy of PAN card and certificate of registration with SEBI.

  c) **Category I / Category II Alternative Investment Fund:** Self-declaration that its income is exempt under Schedule V to section 11 of the Act, and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.

d) **National Pension Scheme Trust:** Self-declaration that it qualifies as NPS Trust and income is eligible for exemption under Schedule VII to section 11 of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.

e) **Entities unconditionally exempt under section 11 of the IT Act:** Documentary evidence supporting the exemption status in terms of any provisions of the Act or CBDT Circular or notification alongwith declaration.

f) **Government:** Documentary evidence and self-declaration that you are a Corporation set up under specific legislation whose income is exempt and can be considered as a 'Government' and qualifies for exemption under section 393(5) of the IT Act.

- Further, if a resident non-individual member, has obtained a lower or nil withholding tax certificate from the tax authorities for financial year 2026-27 and provides a copy of the same alongwith the declaration as provided below, tax shall be deducted on dividend payable to such member at the rate specified in the said certificate.

2. Is there any limit on the amount of dividend upto which no tax will be withheld in respect of resident members?

- As stated above, no tax shall be deducted at source on the dividend payable to a **resident individual** if the total dividend to be received from the company during a financial year **does not exceed ₹10,000.**

- It may be noted that there is **no such limit** provided under the IT Act **for resident non-individual members** and hence the dividend shall be subject to TDS.

3. Is the above rate of 10% or 20% as the case may be, to be increased by surcharge and cess?

- In case of resident members (both individual and non-individual), the rate of TDS would not be increased by surcharge and cess.

4. I am a resident individual, and my dividend receipt is subject to TDS but tax on my estimated total income of the year after including this dividend income will be Nil. Can I request the company not to deduct tax at source and to pay the entire dividend amount without deduction of tax at source?

- Yes, in such case, you will have to furnish a valid declaration in Form 121, to the effect that the tax on the estimated total income of the year after including the dividend income to be received from company will be nil. The said form can be submit by at https://masserv.com/investortax/investor25-26.asp

- In this regard, it may be noted that all fields mentioned in the said form are mandatory and the company reserves the right to reject the forms submitted, if they do not fulfil the requirement of the law.

5. If PAN is not linked to Aadhaar (resident individual members), in that case will the benefit of Form 121 will be available?

- No. If PAN is not linked to Aadhaar then the PAN will become inoperative. In such case, Form121 will also become invalid, and the benefit of nil TDS rate will not be applicable.

6. If Form 121 is submitted online, then whether submitting a physical copy is compulsory?

- No. If Form 121 is duly submitted online *(at the link provided)*, then submission of physical copy is not required.

7. **What if I do not submit Form 121?**

- In case you do not submit Form 121, the company would deduct tax at applicable rates as per the IT Act if your total dividend income from the company exceeds ₹ 10,000 in a financial year. However, you may file your return of income and claim appropriate refund, if eligible.

B. Non-Resident Members

8. **What is the rate of TDS on the dividend declared and paid to non-resident members?**

- For non-resident members, the rate of TDS is 20% ***(plus applicable surcharge and cess)*** as per the IT Act. However, where a non-resident member is eligible to claim benefit under the Double Taxation Avoidance Agreement **("DTAA")** read with Multilateral Instrument **("MLI"),** as may be applicable, and the tax rate provided in the respective DTAA is more beneficial than the rate provided in the IT Act, then the rate as per the DTAA would be applied.

- Member(s) who wish to claim Tax Treaty benefit, need to mandatorily file Form 41 online at the link https://eportal.incometax.gov.in/iec/foservices/

- In order to avail the DTAA benefit, non-resident members would be required to submit requisite documents ***(including e-filed Form 41)*** as provided below, at https://masserv.com/investortax/investor25-26.asp. Kindly note that extending the benefit of DTAA would depend is subjected to completeness & verification of documents & fulfilment of conditions prescribed under the Act & applicable DTAA.

9. **Is the above rate of 20% (as per the IT Act) to be increased by surcharge and cess?**

- Yes, in case of non-resident members, the TDS rate of 20% would be increased by applicable surcharge and health & education cess based on the status of the non-resident. However, in case TDS is deducted as per the beneficial rate provided in the DTAA (subject to submission of documents/ declaration), then the rate as prescribed in the DTAA would not be further increased by surcharge and cess.

10. **What is the applicable rate of surcharge and cess for non-resident members [including Foreign Institutional Investors (FIIs)/ Foreign Portfolio Investors (FPIs)]?**

- The rate of health & education cess shall be 4% on the amount of tax liability and applicable surcharge. The rate of surcharge depends upon the status of the non-resident and its income.

  *For non-resident members being **foreign companies** (including FIIs/ FPIs being companies):*

Aggregate dividend income during the financial year	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding ₹ 1,00,00,000	NIL	20.80%
Exceeding ₹ 1,00,00,000 but not exceeding ₹ 10,00,00,000	2%	21.216%
Exceeding ₹ 10,00,00,000	5%	21.84%

*For non-resident members being **firms** (including FIIs/ FPIs being firms):*

Aggregate dividend income during the financial year	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding ₹ 1,00,00,000	NIL	20.80%
Exceeding ₹ 1,00,00,000	12%	23.296%

*For **other categories** of non-resident members, including FIIs/ FPIs:*

Aggregate dividend income during the financial year	Surcharge Rate	Effective TDS rate (including applicable surcharge and cess)
Not exceeding ₹ 50,00,000	NIL	20.80%
Exceeding ₹ 50,00,000 but not exceeding ₹ 1,00,00,000	10%	22.88%
Exceeding ₹ 1,00,00,000	15%	23.92%

11. Is there any limit on the amount of dividend upto which no tax will be withheld in respect of non-resident members?

- There is no such limit provided under the IT Act for non-resident members and hence, the entire dividend is subject to TDS.

12. When are the documents for claiming concessional rate benefit under the DTAA required to be submitted?

- A non-resident wanting to claim benefit of concessional tax rate under the DTAA should submit the requisite documents, as provided below, **on or before Wednesday, 23rd September 2026** at https://masserv.com/investortax/investor25-26.asp

C. <u>Common FAQs – for resident as well as non-resident members:</u>

13. Am I required to update the PAN? If yes, where should it be updated?

- Yes, members are required to update their PAN.

  In case the shares are held in demat form, then the PAN needs to be updated with your Depository Participant; and in case shares are held in physical form, then the PAN needs to be updated with Registrar to an Issue and Share Transfer Agent ("RTA") in form ISR 1.

- In addition to the above, all members are requested to ensure that the below mentioned details are 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 RTA for the purpose of complying with the applicable TDS provisions:

  a) Valid PAN;
  b) Residential status as per the IT Act i.e. Resident or Non-Resident for the financial year 2026-27;
  c) Category of the Member, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF)-Category I, II, Government (Central/ State Government), FPI/ 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.;
  d) Email Address;
  e) Mobile Number;
  f) Bank account details; and
  g) Address with PIN Code (including country).

  *Kindly note that for the purpose of deduction of tax at source, the company would be relying on the data shared by the RTA. In case the above details are not updated by the record date, then the company will rely on the details as on the record date i.e. **Saturday 19th September 2026**, as received from RTA.*

14. How can a member know the quantum of tax deducted from his dividend income by the company?

- To know the quantum of the tax deducted, the company shall arrange to email the soft copy of the TDS certificate to members at the registered email-ID within the prescribed time, post payment of the said dividend. Members can also check Form 168 from their e-filing account at https://eportal.incometax.gov.in/iec/foservices/

- Please note the credit in Form 168 shall be reflected after the TDS statement filed by company on a quarterly basis is processed by the tax authority.

15. Where can I find a consolidated list of documents/ declarations that are required to be submitted by me/us? What is the due date for submission of these documents/ declarations?

- A consolidated list of documents/ declarations is provided in **Annexure A**. The documents/ declarations, as applicable to you, are required to be submitted to the company **on or before Wednesday, 23rd September 2026**. Any document/ declaration submitted post said date will not be considered by the company, while deducting tax at source.

16. What if TDS is deducted at a higher rate in absence of submission of details/ documents within the prescribed time, viz. upto Wednesday, 23rd September 2026?

- In case TDS is deducted at a higher rate in absence of receipt of details/ documents from members by the due date of **Wednesday, 23rd September 2026**, the members may consider filing their return of income and claiming an appropriate refund, if eligible.

17. Where can I seek clarification regarding tax deduction on dividend?

- For any queries or clarification relating to tax deduction on dividend, members may write to the company at investors@morepen.com or to the RTA at investor@masserv.com.

Annexure

List of documents to be submitted for applicability of appropriate rate of deduction of Tax at Source

<u>Part 1 - Resident Members</u>

- **Individual Resident Members**

  - Copy of declaration for resident member.
  - Lower or NIL Withholding tax Certificate under section 395(1) of the Act, if any.
  - Form 121 under section 393(6) of the Act.
  - Declaration under Rule 203 of the Income Tax Rules, 2026, if any.

- **Non-individual Resident Members**

  - Copy of declaration for resident member in the prescribed format.
  - Lower or Withholding tax Certificate under section 395(1) of the Act, if any
  - Declaration under Rule 203 of the Income Tax Rules, 2026, if any.

Additionally, for special category members, please refer the documents at FAQ 1

<u>Part 2 - Non-Resident Members</u>

- Self-attested copy of Indian PAN*.
- Self-attested copy of Tax Residency Certificate (TRC^) issued by the tax revenue department of your home country for the current financial year 2026-27.
- Form 41 *(erstwhile Form 10F*) executed in electronic mode from Income tax portal which can be downloaded from https://eportal.incometax.gov.in/.
- Self-declaration from non-resident, primarily covering the following:, certifying that:-
  - Member is and will continue to remain a tax resident of the country of its residence during the financial year 2026-27;
  - Member is eligible to claim the benefit of respective DTAA for the purposes of tax withholding on dividend declared by the company;
  - Member is the ultimate beneficial owner of shares held in the company and
  - Member does not have a taxable presence or a permanent establishment in India for the financial year 2026-27.
- Declaration under Rule 203 of the Income Tax Rules, 2026, if any.
- Lower or NIL Withholding tax Certificate under section 395(1) of the Act, if any.

Note:

**In case of persons not having PAN, such members shall submit Tax Identification Number of the member in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the member is identified by the Government of that country or the specified territory of which he claims to be a resident.*

^In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.

Forms/declarations

To view / download Form 121 – <u>Click here</u>
To view / download - Self Declaration for Resident Members – <u>Click here</u>
To view / download - Self Declaration for Non-Resident Members – <u>Click here</u>
To view / download Form 41 – <u>Click here</u>
To view / download - Self Declaration under Rule 203 – <u>Click here</u>