FAQs on Tax Deducted at Source (TDS) on Dividend

(Applicable for Tax Year 2026-27 under the Income Tax Act, 2025 and the Rules framed thereunder)

1. TDS applicable to a resident individual shareholder with valid PAN:

Under the Income Tax Act, 2025, dividend income is taxable in the hands of shareholders. Accordingly, tax is required to be deducted at source on dividend distributed or paid to resident shareholders in accordance with Section 393(1), Table SL. No. 7 of the Income Tax Act, 2025

For Tax Year 2026-27:

- TDS shall be deducted at the rate of 10% where the aggregate dividend paid or credited to a resident individual shareholder exceeds INR 10,000 during the Tax Year.
- The rate of 10% shall apply only where the shareholder has furnished a valid PAN and the PAN is duly updated with the Depository Participant ("DP") or the Registrar to an Issue and Share Transfer Agent ("RTA").
- Where the aggregate dividend paid during the Tax Year does not exceed INR 10,000, no TDS shall be deducted.
- No TDS shall be deducted where an eligible shareholder furnishes a valid declaration in Form 121 (corresponding to the earlier Form 15G/Form 15H) and satisfies the prescribed conditions under the Income-tax Act, 2025 and the Rules framed thereunder.

The prescribed forms and declarations are available at: https://www.mindteck.com/investors/investor-downloads

2. TDS applicable to a resident individual shareholder without or invalid PAN:

If the resident individual shareholder has not updated the PAN or has provided an invalid PAN to the depository/ RTA or has not linked PAN to Aadhaar number, then TDS will be made at 20%.

3. TDS applicable to a resident non-individual shareholder (HUF, Firm, AOP, BOI, Company):

The entire dividend will be subject to TDS for non-individual resident shareholders without any threshold limit. The tax deduction rate will be 10% provided a valid PAN is updated with the Company or the depository/ RTA. Otherwise, the TDS rate will be 20%.

4. TDS applicable to insurance companies:

TDS is not applicable on the dividend paid to the insurance companies in case it provides a self-declaration that the shares are owned by it and it has full beneficial interest along with a self-attested PAN and Self-attested copy of registration certificate.

5. TDS applicable to mutual funds:

TDS is not applicable on the dividend paid to a Mutual Fund under the Income Tax Act, 2025. Such Mutual Fund should provide a self-declaration confirming its eligibility for exemption under the Income Tax Act, 2025, self-attested copy of PAN card and registration certificate.

6. Credit of TDS to Beneficial Owner

In case where shares are held by intermediaries/stockbrokers and TDS is to be applied by the Company in the PAN of the beneficial shareholders, then intermediaries/stockbrokers will have to provide the details of such beneficial shareholders along with a self-declaration that the shareholders are the beneficial owners and hence the TDS is to be credited to the beneficiary PAN, in accordance with Section 390(5) of the Income-tax Act, 2025 and the applicable rules made thereunder.

7. TDS applicable to non-resident shareholders:

For non-resident shareholders, the rate of withholding tax is 20% (plus applicable surcharge and cess) as per section 207(1) of Income Tax Act, 2025. However, where a non-resident shareholder is eligible to claim the tax treaty benefit, and the tax rate provided in the respective tax treaty is beneficial to the shareholder, then the rate as per the tax treaty would be applied. In order to avail tax treaty benefits, non-resident shareholders would be required to submit **all the below** documents:

- Tax Residency Certificate for FY 2026-27, the year in which the dividend is received (to be obtained from the Revenue/Tax authorities of the country of which the shareholder is resident)
- Self-attested copy of Form 41 submitted at Income Tax Portal if all the details required in this form are not mentioned in the TRC, however if PAN is not available then a Self-Declaration in Form No. 41 in the prescribed format Form 41 as per the format specified under Income Tax Act, 2025 is available under the (https://www.mindteck.com/investor-downloads).
- Copy of PAN Card attested
- Self-declaration of beneficial ownership and not having a PE in India [For Foreign companies and Individual Non-Residents are available under the (https://www.mindteck.com/investor-downloads).

Please note that the Company is not obligated to apply the beneficial DTAA rates read with MLI provision 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 and such review will also include latest judicial precedents and impact of the same on the applicability of treaty benefits. Any decision taken by the Company with regard to applicability/ non-applicability of tax treaty benefits for any shareholder will be final and the Company will not be liable to refund any tax withheld on dividend.

If the documents are not provided or are insufficient to apply the beneficial DTAA rates, then tax will be deducted at 20% including surcharge and cess @ 4%.

Rates of surcharge for non-resident individuals, HUF, AOP, BOI:

Dividend amount	Rate of Surcharge
Above ₹ 50 Lacs but not exceeding ₹ 1 Crore	10%
Above ₹ 1 Crore	15%

Rates of surcharge for non-resident companies:

Dividend amount	Rate of Surcharge
Above ₹ 1 Crore but not exceeding ₹ 10 Crores	2%
Above ₹ 10 Crores	5%

8. Update of PAN:

If the shares are held in Demat form, the PAN needs to be updated with the Depository. If the shares are held in physical form, the PAN needs to be updated with the Company's RTA at MUFG Intime India Private Limited, C 101, 247 Park, LBS Road, Vikhroli West, Mumbai – 400083, Tel: 022-2820 6000-79

9. Timeline to submit the documents:

All the above-mentioned documents should be sent to the Company's RTA on the above referred address or may send to sathya.raja@mindteck.com on or before July 31, 2026. Failure to do so, will attract higher TDS rates as mentioned in the above paragraphs.

10. Information on tax deducted:

Shareholders can check Form 168 from their e-filing accounts at www.incometaxindia.gov.in.

Shareholders can also use the "View Your Tax Credit" facility available at www.incometaxindia.gov.in. Please note, the credit in Form 168 would be reflected after filing of the TDS Return on a quarterly basis by the Company, and the same is processed by the Income-tax department.

11. Your questions:

In case of questions, shareholders can write to investor.helpdesk@in.mpms.mufg.com or sathya.raja@mindteck.com

Disclaimer

This FAQ is intended for general guidance of shareholders for Tax Year 2026-27 and is based on the provisions of the Income Tax Act, 2025, the Income Tax Rules framed thereunder, applicable notifications, circulars and judicial precedents available as on the date of issue. Shareholders are advised to consult their tax advisors regarding their specific tax positions and eligibility for any exemption, relief or treaty benefit.

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 Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

This communication shall not be treated as advice from the Company or its RTA. Shareholders should obtain tax advice related to their tax matters from a tax professional.