



## **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**

**CIN:** L24110MH1978GOI020185

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### **COMMUNICATION IN RESPECT OF DEDUCTION OF TAX AT SOURCE ON FINAL DIVIDEND 2021-22**

Date: 29/11/2022

Dear Shareholder,

#### **Subject: Rashtriya Chemicals and Fertilizers Limited - Communication in respect of deduction of tax at source on Final Dividend for 2021-22**

We are pleased to inform you that the Board of Directors of Rashtriya Chemicals and Fertilizers Limited ("the Company") at their meeting held on August 12, 2022 has recommended a Final Dividend of Rs. 2.50/- per Equity Share of Rs. 10/- each (25%) for the Financial Year ended March 31, 2022, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM") of the Company.

As you are aware that as per the Income Tax Act, 1961 ("Act"), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the applicable rates at the time of making the payment of the said Final Dividend, if declared at the AGM.

The TDS rate may vary depending on the residential status of the shareholder and the documents submitted by the shareholders and accepted by the Company in accordance with the provisions of the Act. The TDS for various categories of shareholders along with required documents are summarized below:

**Table 1: Resident Shareholders**

<b>Particulars &amp; Category of shareholders</b>	<b>Rate of Tax Deduction</b>	<b>Exemption documents to be given</b>
<b>Resident Individuals</b>		
If total Dividend income to a resident individual shareholder in FY 2022-23 >Rs. 5,000	10% in case where PAN is provided/available	Update the PAN if not already done with depositaries

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
	- 20%, in other cases where PAN is not provided / not available or in case the shareholder falls in the category of "specified persons"*	(in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – Link Intime India Private Limited (in case of shares held in physical mode).
Shareholders providing duly signed Form 15G (applicable to any individual below the age of sixty years) /15H (applicable to an Individual above the age of 60 years) provided that all the prescribed eligibility conditions are met.	NIL	Form 15G/15H duly signed – The forms are available on the website of Link Intime.
If total Dividend income to a resident individual shareholder in FY 2022-23 < Rs. 5,000	NIL	-
<b>Resident - Other than Individuals</b>		
Indian Commercial Banks/Indian Financial Institutions	10%	-
Insurance Companies: LIC & Other Insurance Companies such as GIC/United India Insurance Co/Oriental Insurance Co/New India Assurance Co as provided under Second Proviso to section 194 of IT Act	NIL	A declaration that it has a full beneficial interest with respect to the shares owned by it along with PAN and copy of the certificate of registration issued by the relevant authority.
Govt. of India, 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 (Section 196)	NIL	Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 1961 along with a self-attested copy of the PAN card

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
		and registration certificate.
Mutual Funds	NIL              10%	Self-declaration that they are specified and covered under section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and registration certificate.  In case of mutual funds not covered under section 10 (23D) of the Income Tax Act, 1961
Alternative Investment Fund	NIL              10%	Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 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.  In case AIF other than those registered with SEBI as per S 115UB of the Act.
Order under section 197 of the Act		Lower/NIL withholding tax

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
	Rate provided in the order	certificate obtained from Income Tax authorities.
Other resident shareholder without PAN/Invalid PAN/ or falling into the category of specified persons as per section 206AB of the Act*	20%	-

Please Note that:

- a) Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP id-Client Id is mandatory. In absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.
- b) Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts

**Table 2: Non-resident Shareholders**

Tax is required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at applicable rates in force. As per the said provisions, the tax shall be withheld @ 20% plus applicable surcharge and cess on the amount of dividend payable. However, as per Section 90 of the Income Tax Act, 1961, a non-resident payee has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the DTAA benefits, the non-resident shareholder will have to provide documents provided in the table:

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder (This includes Foreign Companies, Bodies Corporate, NRI, Foreign Nationals and other foreign entities)	20% (plus applicable surcharge and cess) or Treaty rate whichever is lower  Or in case the shareholder is a specified person as per Section 206AB, then	Non-resident shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty") as per Section 90 of the Income tax Act, 1961. The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the company <ul style="list-style-type: none"> <li>• Copy of the PAN Card, if any, allotted by the Indian authorities.</li> <li>• Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the</li> </ul>

	<p>twice the above applicable rate would apply to the shareholder</p>	<p>country of which the shareholder is resident.</p> <ul style="list-style-type: none"> <li>• Self-declaration in Form 10F available on Link Intime Website.</li> <li>• Self-declaration in the prescribed format which is available in Link Intime website, certifying on the following points: <ul style="list-style-type: none"> <li>i. Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2022-23;</li> <li>ii. Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;</li> <li>iii. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;</li> <li>iv. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and</li> <li>v. Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2022-23.</li> </ul> </li> </ul> <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided.</p> <p>However, the Company in its sole discretion reserves the right to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts and to call for any further information. Application of DTAA rate shall depend upon the completeness of the documents submitted by the Non- Resident shareholder and review to the satisfaction of the Company.</p>
<p>Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI)</p>	<p>20% (plus applicable surcharge and cess)</p>	<p>FII/FPIs may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty") as per Section 90 of the Income tax Act, 1961. The Tax Treaty rate shall be applied for tax deduction at source on</p>

Or in case the shareholder is a specified person as per Section 206AB, then twice the above applicable rate would apply to the shareholder

submission of following documents to the company

- Copy of the PAN Card, if any, allotted by the Indian authorities.
- Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident.
- Self-declaration in Form 10F available on Link Intime Website.
- Self-declaration in the prescribed format which is available in Link Intime website, certifying on the following points:

- i. Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2022-23;
- ii. Shareholder is eligible to claim the beneficial DTAA 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 DTAA is impaired in any manner;
- iv. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
- v. Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2022-23.

TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided.

However, the Company in its sole discretion reserves the right to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts and to call for any further information. Application of DTAA rate shall depend upon the completeness of the documents

		submitted by the Non- Resident shareholder and review to the satisfaction of the Company.
Submitting Order under section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

**Note: The Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.**

**Applicability of higher rates on Specified Person\* as per Section 206AB in case of Resident Members and Non-Resident Members who have Permanent establishment in India for TDS under section 194/195/196D of the Act:**

The rates of TDS under section 206AB of the Act shall be higher of the following:

- i. twice the rate specified in the relevant provision of the Act
- ii. twice the rate or rates in force; or
- iii. the rate of five per cent.

\* **Specified Person** means a person who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year.

- In this regard, the company shall assess the 'Specified Person' based on the functionality provided by the Income Tax Department for compliance check under section 206AB.
- If any Resident or Non- Resident member is falling in the category of 'Specified Person' as per the above functionality by Income Tax Department, the Company shall be obliged to deduct tax at higher rate of TDS as per section 206AB of the Act (plus applicable surcharge and cess).

**Procedure for submission of documents:**

**Form 15G/15H/10F are available on the website of Link Intime India Private Limited.** The same can be downloaded from Link Intime's website at <https://www.linkintime.co.in/client-downloads.html>. **On this page select the General tab.**

The aforementioned documents (duly completed and signed) are required to be uploaded at <https://web.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)

Apart from above, this communication and aforesaid forms are also available on Company's website [www.rcfltd.com](http://www.rcfltd.com) in Investors Relation.

Please note that the upload of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done by December 16, 2022 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/documents on the tax determination / deduction shall be considered post December 16, 2022.

All communications/ queries in this respect should be addressed to our RTA, Link Intime India Private Limited to its email address: [rcfdivtax@linkintime.co.in](mailto:rcfdivtax@linkintime.co.in) or to the Company to its email address : [cs@rcfltd.com](mailto:cs@rcfltd.com).

Further, shareholders who have not registered their email address are requested to register the same with our RTA. 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 especially in view of COVID 19 pandemic.

No claim shall lie against the Company for such taxes deducted.

The Company will arrange to email a soft copy of the TDS certificate at the shareholders registered email ID post payment of the said Final Dividend. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.

*Disclaimer: This Communication shall not be treated as an advice from the Company 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 Rashtriya Chemicals and Fertilizers Limited**

**(J. B. Sharma)**  
**Executive Director (Legal & Company Secretary)**

**Note: Please don't reply to this email, as this email id is not monitored.**