

INTIMATION / COMMUNICATION IN RESPECT TO DEDUCTION OF TAX AT SOURCE ON DIVIDEND FOR FINANCIAL YEAR 2023-24

Dear Shareholders,

We wish to inform you that the Board of Directors at their meeting held on May 02, 2024, has approved payment of dividend @ Rs 1.20 per equity share of the face value Rs. 2 each (60%) for the financial year 2023-24 subject to approval of Shareholders at the ensuing 93rd Annual General Meeting of the Bank, scheduled to be held on Saturday, August 31, 2024, through Video Conference (VC)

As per the provisions of the Income Tax Act, 1961 ("the Act"), dividend paid on or after April 01, 2020, is taxable in the hands of shareholders and depending upon the residential status and classification of the shareholders as per the provisions of the Act, the Bank is required to deduct tax at source ("TDS") from dividend paid to the shareholders at the applicable rates as mentioned below.

SECTION I - FOR ALL SHAREHOLDERS - UPDATION OF DETAILS, AS APPLICABLE

It may be noted that in case you had already registered the following details with the Bank / RTA, the details as available with the Bank in the Register of Members/Register of Beneficial Ownership maintained by the Depositories will be relied upon by the Bank / RTA, for the purpose of complying with the applicable TDS provisions:

- a. Valid Permanent Account Number (PAN).
- b. Residential status as per the Act i.e., Resident or Non-Resident for FY 2024-25.
- c. Category of the Shareholder viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, AIF Category III, Government (Central/State Government), Foreign Portfolio Investor (FPI)/Foreign Institutional Investor (FII): Foreign Company, FPI/FII: Others (being Individual, Firm, Trust, Artificial Juridical Person, etc.), 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, Foreign Company, etc.
- d. Email Address
- e. Residential Address

In case, you wish to update the above-mentioned details, you are requested to submit the details by using the following link.

<https://www.integratedregistry.in/KYCRegister.aspx>

SEBI vide its Circular bearing reference no. SEBI/HO/ MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023, has mandated that dividend, interest or redemption shall be paid only through electronic mode with effect from April 01, 2024.

Accordingly, no dividend shall be paid in case PAN, contact details, Bank A/c details and Specimen signature for the corresponding folio numbers of shareholders are not updated. Shareholders should update the same with the Bank / RTA (in case holding shares in physical mode) / Depository Participant (in case holding shares in electronic form) to ensure that the said dividend is credited to the designated bank account.

SECTION II: TDS PROVISIONS AND DOCUMENTS REQUIRED, AS APPLICABLE FOR RELEVANT CATEGORY OF SHAREHOLDERS

Shareholders are requested to take note of the TDS rates and document(s), if any, are required to be submitted by **August 24, 2024**, for their respective category, in order to comply with the applicable TDS provisions.

RESIDENT SHAREHOLDERS

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where Shareholders have registered their valid Permanent Account Number (PAN). In case, Shareholders do not have PAN / have not registered their valid PAN details in their demat account/ PAN is invalid / PAN is inoperative due to non-linking of PAN with Aadhaar/ Shareholder is a specified person under Section 206AB, TDS at the rate of 20% shall be deducted under Section 206AA/ 206AB of the Act.

SI no.	Particulars	Tax Rate	Documents Required
1	An Individual Shareholder receiving aggregate dividend not exceeding Rs. 5,000 from the Bank during FY 2024-25.	Nil	Not applicable
2	Shareholder with valid PAN (including individual shareholders receiving aggregate dividend in excess of Rs.5,000 from the Bank during FY 2024-25)	10%	Shareholders to update / verify their PAN and residential status if not already done, with the Depository Participant (if shares are held in DEMAT form) and with the Bank's Share Transfer Agent i.e., Integrated Registry Management Services Private Limited, (if shares are held in Physical form).
	Any resident individual Shareholder submitting Form 15G / Form 15H	Nil	<ul style="list-style-type: none"> a. Form 15G (applicable to individual below 60 years) (Annexure-A). Form 15H (applicable to individual of 60 years or above) (Annexure-B) (as applicable) b. Self-attested copy of PAN
3	Shareholder not having valid PAN/ Inoperative PAN/ without registration of PAN/is a "specified person" as per Section 206AB of the Income Tax Act, 1961.	20%	Not applicable
4	Shareholder submitting certificate under Section 197 of the Income Tax Act, 1961.	Rate specified in the certificate	Self-attested copy of the certificate under Section 197 obtained from Income Tax Authority. The same should be valid for FY 2024-25 and should cover dividend income.
5	Insurance Company under Section 194 of the Act.	Nil	<ul style="list-style-type: none"> a. Self-attested copy of PAN b. Copy of registration certificate issued by IRDAI. c. Self-declaration that the shareholder has full beneficial interest with respect to the shares owned by it.
6	Persons covered under Section 196 of the Act (Govt, RBI, Corporations established under Central Act and exempt from Income Tax, Mutual Fund under Section 10(23D))	Nil	<ul style="list-style-type: none"> a. Self-attested copy of PAN b. Copy of registration/ exemption substantiating the applicability of Section 196 of the Act. c. Self-declaration that the person is covered under Section 196 of the Act.
7	Alternative Investment Fund (AIF) established in India	Nil	<ul style="list-style-type: none"> a. Self-attested copy of PAN b. Copy of registration certificate issued by SEBI. c. Self-declaration that its dividend income is not chargeable under the head 'Profit and Gains of Business or Profession' and exempt under section 10(23FBA) of the Act and they are established as Category I or

			Category II AIF under the SEBI regulations.
		10%	This rate is applicable for Category III AIF
8	Any other entity exempts from withholding tax under the provisions of section 197A of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	NIL	A self- declaration that the person is covered under the provisions of section 197A of the Act along with copy of statement-cum declaration in Form No.1
9	Any other entity entitled to exemption from TDS	Nil	Valid self-attested documentary evidence (e.g., copy of the relevant registration, notification, order, etc.) in support of the entity being entitled to TDS exemption.

NON-RESIDENT SHAREHOLDERS

Sl no.	Particulars	Tax Rate	Documents Required
1	Foreign Institutional Investors / (FIIs) Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) or Tax Treaty rate** whichever is lower	<p>Update/Verify the PAN and legal entity status as per the Act, if not already done, with the depositories. Provide declaration whether the investment in shares has been made under the general FDI route or under the FPI route. Shareholders may also apply for a lower TDS rate as per the relevant Double Taxation Avoidance Agreements ('DTAA'), by submitting following documents:</p> <ol style="list-style-type: none"> a. Self-attested copy of PAN b. Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2024-25 (covering the period from April 1, 2024, to March 31, 2025). Self-attested copy of e-filed Form 10F submitted at Income Tax Portal . c. Self-declaration for FY 2024-25 (covering the period from April 1, 2024, to March 31, 2025) as per Annexure-C from Non-resident on shareholder's letterhead, primarily (not exclusive list) covering the following: <ul style="list-style-type: none"> ✓ Non-resident is eligible to claim the benefit of respective tax treaty.

			<ul style="list-style-type: none"> ✓ Non-resident receiving the dividend income is the beneficial owner of such income. ✓ Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
2	Other Non-resident shareholders (except those who are tax resident of Notified jurisdictional Area)	<p>20% (plus applicable surcharge and cess)</p> <p>OR</p> <p>Tax Treaty Rate**</p> <p>(Whichever is lower)</p>	<p>Shareholders to update / verify their PAN and residential status, if not already done, with the Depository Participant (if shares are held in DEMAT form) and with the Bank's Share Transfer Agent i.e., Integrated Registry Management Services Private Limited.</p> <p>To avail the lower rate, the following to be submitted:</p> <ol style="list-style-type: none"> a. Self-attested copy of PAN, if any. b. Self-Attested copy of the Tax Residency Certificate (TRC) ^ valid for FY 2024-25, obtained from the tax authorities of the country of which the shareholder is a resident. c. Self-attested copy of e-filed Form 10F submitted at Income Tax Portal. d. Self-declaration for FY 2024-25 (covering the period from April 1, 2024, to March 31, 2025) from Non-resident, in Annexure C covering the following. <ul style="list-style-type: none"> ✓ Non-resident is eligible to claim the benefit of respective tax treaty. ✓ Non-resident receiving the dividend income is the beneficial owner of such income. ✓ Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India. ✓ Non-resident complies with any other condition prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI').

			<p>✓ Non-resident does not have a place of effective management in India.</p> <p>Application of the beneficial rate of tax treaty for TDS is at the discretion of the Bank and shall depend upon completeness of the documentation and review of the same by the Bank.</p>
3	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A (1) of the Income Tax Act	30%	Not applicable
4	Submitting certificate/s 195 (i.e., lower, or NIL withholding tax certificate)	Rate provided in the certificate	If lower/ NIL withholding tax certificate obtained from Income tax authority is submitted, tax will be withheld at the rate specified in the said certificate, subject to furnishing a self-attested copy of the same. The certificate should be obtained on TAN of the Bank i.e., CHNT00969D, valid for FY 2024-25 and should cover dividend income.
5	Non-resident shareholder who is a "specified person" as per section 206AB (applicable for non-resident who has permanent establishment in India).	40% (plus applicable surcharge and cess)	Not applicable
6	Any other entity entitled to exemption from TDS	Nil	Self-declaration substantiating the fulfilment of prescribed conditions and Valid self-attested documentary evidence (e.g., copy of the relevant registration, notification, order, etc.) in support of the entity being entitled to TDS exemption.

^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.

** The beneficial Tax Treaty rates will not automatically apply at the time of tax deduction/ withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Bank of documents submitted by non-resident shareholders. In case documents are found to be incomplete, the Bank reserves the right to not consider the tax rate prescribed under the tax treaty.

Further as per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhar, shall be required to link the PAN with Aadhar. In case of failure to comply to this, the PAN allotted shall be deemed to be inoperative and he shall be liable to the consequences specified in Rule 114AAA of Income Tax rule, 1962 and tax shall be deducted at higher rates as prescribed in the Income Tax Rule, 1962.

Notes:

1. The above-mentioned forms / declarations can be downloaded from the Bank's website at www.federalbank.co.in/shareholder-information
2. If dividend income is taxable in hands of any person other than the recipient of the dividend (e.g., Clearing member/corporations), then requisite details to be provided by way of a declaration under Rule 37BA (2) of the Income Tax Rules, 1962 in **Annexure - D**.
3. Form 15G / Form 15H can be submitted only in case the shareholder's income tax payable on estimated total income for FY 2024-25 is NIL.

4. Lower deduction Certificate u/s 195/197 of the Act may be obtained under TAN of the Bank i.e., CHNT00969D.
5. Shareholders may note that all documents to be submitted are required to be self-attested (the documents should be signed by shareholder/authorised signatory stating the document to be "certified true copy of the original"). In case of ambiguous, incomplete, or conflicting information, or valid information/documents not being provided, tax at maximum applicable rate will be deducted.
6. In case of any discrepancy in documents submitted by the shareholder, the Bank will deduct tax at higher rate as applicable, without any further communication in this regard.
7. 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 higher of two rates prescribed in these two sections.
8. In the event of a mismatch in category of shareholder (individual, company, trust, partnership, local authority, Government, Association of Persons etc.) as per register of members and as per fourth letter of PAN (10-digit alpha-numeric number), the Bank would consider fourth letter of PAN for determining the category of shareholders and the applicable tax rate/ surcharge/ education cess.
9. The shareholders are requested to upload the aforementioned documents, duly filled and signed latest by **5 PM (IST), Saturday, August 24, 2024** with Bank's RTA at <https://www.integratedregistry.in/TaxExemptionRegistration.aspx> order to enable the Bank to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination/deduction shall be entertained after **August 24, 2024**. Submission of said documents in any other modes are also not entertained.
10. Shareholders may note that in case the tax on said dividend is deducted at a higher rate in 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 Act and claim an appropriate refund, if eligible. No claim shall lie against the Bank for such taxes deducted.
11. In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.
12. Shareholders, whose valid PAN is updated, will be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at www.incometax.gov.in/iec/foportal/. The Bank shall not be liable to entertain any request from such shareholder and the requisite steps will have to be taken by the shareholder at his / her end only. The shareholders are required to ensure that instructions mentioned herein are duly adhered to, failing which Bank will not be able to entertain any requests for allowing any exception, whatsoever.

Thanking You

For The Federal Bank Limited

Sd/-

Samir P Rajdev
Company Secretary