

## Shareholder Communication

Sub: HDFC Life Insurance Company Limited Final Dividend FY 2020-21 - Tax Deduction at Source (TDS) on Dividend payout.

Dear Shareholder(s),

We hope this communique finds you safe and in good health.

We are pleased to inform you that the Board of Directors of the Company at their Meeting held on April 26, 2021, have recommended a final dividend of Rs.2.02 (Rupees Two and Two Paise only) per equity share of face value of Rs. 10/- each for the financial year 2020-21, subject to approval of the shareholders at the 21<sup>st</sup> Annual General Meeting ("AGM") of the Company to be held on Monday, July 19, 2021.

The record date for the purpose of final dividend would be Thursday, July 1, 2021. The dividend would be paid to the eligible shareholders within a period of 30 days from the date of AGM, electronically, through various online modes to those members who have updated their bank account details or through any other permissible mode.

As you are aware that as per the Income Tax Act, 1961 ("the 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. Your Company shall therefore be required to deduct/ withhold tax at source at the time of making payment of the said dividend. The tax deduction/ withholding tax rate may vary depending on the residential status of the shareholder and the documents submitted to the Registrar & Share Transfer Agent of the Company ("RTA")/ Company in accordance with the provisions of the Act. Accordingly, dividend will be paid after deducting the tax at source/ withholding tax including surcharge and cess, as applicable.

All the shareholders are requested to ensure that their details with reference to valid Permanent Account Number ("PAN"), residential status as per the Act i.e. Resident or Non-Resident, category of their account as per PAN, email/ postal address including Bank Account details, etc., as applicable, are complete and updated in their account maintained with Depository Participant (in case of shares are held in dematerialised form) or with RTA (in case of shares are held in physical form).

In this regard, kindly note the following:

**A. For Resident Shareholders:**

Tax will be deducted at source ("TDS") under Section 194 of the Act @ 10% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend paid to them by the Company during FY 2021-22 does not exceed Rs. 5,000. Tax deduction will be subject to the below requirements:

**Where, the PAN is available and such PAN is valid/ operative as per the provisions of the Act:**

In accordance with Section 194 of the Act, for resident shareholders, TDS shall be applied from the dividend amount @ 10% except for the shareholders who have not registered their valid PAN, or for the individual shareholders whose PAN is considered inoperative, if the Aadhaar is not linked with their PAN, or who have not filed their return of income for two consecutive previous years and aggregate TDS exceeds Rs. 50,000, in each of the two previous years, (effective from July 1, 2021) to be verified by the Company from the Government enabled online facility.

The above TDS will be applied by the Company unless exempt under the provisions of the Act and subject to furnishing of the following self-certified documents:

1. **Form 15G/ 15H in case of eligible Resident Individual Shareholders:** No TDS shall be applied in case of a resident individual shareholder, if the shareholder provides duly signed Form 15G (applicable to an individual below the age of 60 years) or Form 15H (applicable to an individual of the age of 60 years and above), provided that all the prescribed eligibility conditions are met.

[Click Here](#) to download Form 15G

[Click Here](#) to download Form 15H

2. **Insurance Companies:** Documentary evidence (PAN and registration certificate alongwith the self-declaration in the format annexed below) that the provisions of Section 194 of the Act are not applicable to them (self-attested by the competent authority with affixed stamp).

3. **Mutual Funds:** Documentary evidence to prove that the mutual fund is a mutual fund specified under Clause (23D) of Section 10 of the Act and is covered under Section 196 of the Act. (Format of the self-declaration form is annexed below).

4. **Alternative Investment Fund (AIF) established in India:** 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 applicable SEBI Regulations. (Format of the self-declaration form is annexed below).

5. **Entities exempt under Section 10 of the Act:** In case of resident non-individual shareholders, if the income is exempt under the Act, the authorized signatory shall submit the declaration duly signed with stamp affixed for the purpose of claiming exemption from TDS (Format of the self-declaration form is annexed below);

6. **Corporation established by or under a Central Act** which is, under any law for the time being in force, exempt from income tax documentary evidence that the Corporation is covered under Section 196 of the Act.

7. **Beneficial Ownership:** In case of equity share(s) held in the Company as a beneficiary; and are not subject to TDS under Section 196 of the Act, the person shall submit self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN Card (Format of the self-declaration form is annexed below).

8. **Benefit under Rule 37BA:** In case where shares are held by intermediaries/ stock brokers and TDS is to be applied by the Company in the PAN of the beneficial shareholders then intermediaries/ stock brokers and beneficial shareholders will have to provide a declaration. (Format of the declaration under Rule 37BA is annexed below).

[Click Here](#) to download format of the Self-declaration

[Click Here](#) to download format of declaration under Rule 37BA

### **B For Non-resident Shareholders (including FPI and FII shareholders):**

Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act at the rates in force plus applicable surcharge and cess and Section 196D of the Act. However, as per Section 90 of the Act, the non-resident shareholder 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 them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities
- Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident
- Self-declaration in Form 10F ([Click Here](#) to download Form 10F) if all the details required in this form are not mentioned in the TRC
- Self-declaration ([Click Here](#) to download format for declaration of tax residency), certifying the following points:
  - I. Shareholder is 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 be governed by the provisions of the DTAA as applicable, in respect of the dividend income and meets all the necessary conditions to claim the beneficial treaty rate for the purpose 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 the share(s) held in the Company as well as the dividend arising from such shareholding; and the shareholder has the right to use and enjoy the dividend received/ receivable from the above shares and such right is not constrained by any contractual and/ or legal obligation to pass on such dividend to another person; and
  - V. Shareholder declares that it does not have and will not have any taxable presence, fixed base or permanent establishment in India as per the said tax treaty during the financial year 2021-22.
  - VI. Shareholder hereby confirms that the above declaration should be considered to be applicable for all the shares held in the Company under PAN/ accounts declared in the form.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholders.

Where a shareholder furnishes a valid Nil or lower tax rate deduction Certificate under Section 195/ 197 of the Act, TDS/ withholding tax will be applied as per the rates prescribed in such Certificate.

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.

Accordingly, in order to enable us to determine the appropriate TDS/ withholding tax rate applicable, the aforementioned documents are required to be uploaded online by clicking on the below given link, or through e-mail with signed scan copies to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) on or before Thursday, July 1, 2021.

[Click Here](#) to submit the Tax Exemption Form(s) online

No communication on the tax determination/ deduction shall be entertained post working hours on Thursday, July 1, 2021.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted. 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 <https://www.incometaxindia.gov.in>

You may please write to following email Id in case any clarification is required:  
[einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Thanking you,

For HDFC Life Insurance Company Limited