



## **D. B. Corp Limited**

**CIN:** L22210GJ1995PLC047208

**Regd. Office:** Plot No: 280, Sarkhej – Gandhinagar Highway, Near YMCA Club, Makarba, Ahmedabad – 380 051.

**Email:** [dbcs@dbc corp.in](mailto:dbcs@dbc corp.in) | **Website:** [www.dbcorp ltd.com](http://www.dbcorp ltd.com) | **Tel No:** 022 – 71577000

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### **DEDUCTION OF TAX ON DIVIDEND**

*Dear Members,*

We are pleased to inform you that the Board of Directors of the Company at its Meeting held on **June 17, 2021**, has recommended a Dividend of **Rs. 3/-** per Equity Share of the face value of **Rs. 10 each** fully paid-up (**i.e. 30% on face value**) for the financial year ended March 31, 2021, subject to approval of the Members at the ensuing 25<sup>th</sup> Annual General Meeting of the Company scheduled to be held on **Thursday, 30<sup>th</sup> September, 2021**.

The Dividend will be paid to those Shareholders whose names appear in the Register of Members of the Company or in the list of Beneficial Owners maintained by the Depositories as at the close of business hours on **Sunday, 26<sup>th</sup> September, 2021**.

We wish to inform that with effect from 1<sup>st</sup> April, 2020, Dividend Distribution Tax has been abolished and Dividend income is now taxable in the hands of the Shareholders at the tax rates applicable to each category of Shareholder.

**The FAQs on Tax Deduction at Source (TDS) /withholding tax on Dividend are given below:**

- 1. TDS applicable to a Resident Individual Shareholder with valid Permanent Account Number:**
  - Effective 1<sup>st</sup> April, 2020, as per the Income Tax Act, 1961, the dividends paid or distributed by the Company shall be taxable in the hands of shareholders. Accordingly, if any resident individual shareholder is in receipt of dividend exceeding Rs. 5,000 in a fiscal year, entire dividend will be subject to TDS @ 10%. The rate of 10% is applicable provided the shareholder has updated his/her Permanent Account Number (PAN) with the depository/ Registrar and Transfer Agent (RTA). If PAN is not submitted, Tax would be deducted @ **20%** as per **Section 206AA** of the Income-tax Act, 1961.



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- If the dividend to a resident individual shareholder **does not exceed Rs. 5,000** in a fiscal year, no TDS is applicable.
- If the resident individual shareholder provides declaration in Form 15G/ Form 15H, no TDS is applicable. Forms are available at Company's website at <https://dbcorpltd.com>.

### **2. Linking of PAN and Aadhar:**

The Central Government has extended the last date of **linking of Aadhar with PAN**, till 30<sup>th</sup> September, 2021.

There are two ways through which you can link PAN and Aadhaar.

#### **i. Through the Income Tax e-filing website:**

<https://www.incometax.gov.in/iec/foportal>

#### **ii. Sending the following SMS to 567678 or 56161**

(UIDPAN<12-digit Aadhaar><10-digit PAN> from your mobile)

### **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 they provide a self-declaration that the shares are owned by them and that they have full beneficial interest along with a self-attested PAN.

### **5. TDS applicable to Mutual Funds:**

TDS is not applicable on the dividend paid to a Mutual Fund specified under clause (23D) of section 10 of Income-tax Act, 1961. Such Mutual Fund should provide a self-declaration that they are specified in Section 10 (23D) of the Income-tax Act, 1961, self-attested copy of PAN card and SEBI registration certificate.



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### 6. Deduction of Tax at Higher rates in case of Non-filing of Income Returns (Section 206AB):

With effective from **1<sup>st</sup> July, 2021**, new section has been introduced, and the tax shall be deductible at the higher rates prescribed under this provision if the following conditions are satisfied:

- A. **Deductee** (shareholder) has **not filed the return** of income for **two (2) assessment years** relevant to the previous years immediately prior to the previous year in which tax is required to be deducted.
- B. **The due date** to file such return of income, as prescribed under section 139(1), has **expired**; and
- C. The aggregate amount of tax deducted and collected at source is **Rs. 50,000 or more** in each of these **two (2) previous years**.

#### Rate of TDS:

The tax shall be deducted at the **higher** of the following rates:

- A. **Twice the rate specified in the relevant provision of the Act (Rate specified u/s 194 is 10%);**
- B. **Twice the rate or rates in force; or**
- C. **the rate of five per cent.**

As per the above, for **Resident Shareholders** who have **not filed** the return of income for **FY 2019-20 and FY 2018-19** and whose total TDS/ TCS during these years exceed **Rs. 50,000**, TDS will be at **20%**. These provisions will be effective **from 1<sup>st</sup> July, 2021**.

This section is **applicable only for Resident Shareholders** and does not apply to Non-resident shareholders who do not have permanent establishment in India.

### 7. 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** will have to provide the details of such beneficial shareholders along with self-declaration that the shareholders are the beneficial owners and hence the TDS to be credited to beneficiary PAN.



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### 8. TDS applicable to Non-Resident Shareholders:

For **Non-Resident Shareholders**, taxes are required to be withheld in accordance with the provisions of **Section 195 & 196D** of the Income-tax Act, 1961 at the rates in force. As per the relevant provisions of the Act, the withholding tax shall be at the **rate of 20% (plus applicable surcharge and cess)** on the amount of Dividend payable to them. However, as per **Section 90** of the Income-tax Act, the Non-Resident Shareholders have 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.

#### **Process to claim tax benefits under DTAA:**

India has signed Double Taxation Avoidance Agreements (DTAAs) with many countries so that the income is taxed only once. To claim this benefit, non-resident shareholder needs to know whether the country he/she resides in or earns income in has a DTAA with India.

**In case you want to avail the benefits of the DTAA you should submit all the documents as prescribed under the Act and given hereunder.** In order to know whether a particular country is under a DTAA, one can access the following link:

<https://www.incometaxindia.gov.in/Pages/international-taxation/dtaa.aspx>

#### **Non-Resident Shareholders will have to provide the following:**

	<ul style="list-style-type: none"><li>• <b>Self-attested copy of Tax Residency Certificate (TRC)</b> obtained from the tax authorities of the country of which the Shareholder is resident.</li></ul>
	<ul style="list-style-type: none"><li>• <b>Self-declaration in Form 10F</b> [available at Company's website: <a href="https://dbcorpltd.com">https://dbcorpltd.com</a>].</li></ul>
	<ul style="list-style-type: none"><li>• <b>Self-attested copy of the Permanent Account Number (PAN Card)</b> allotted by the Indian Income Tax authorities.</li></ul>
	<ul style="list-style-type: none"><li>• <b>Self-declaration</b> forms certifying the following points are available at Company's website: <a href="https://dbcorpltd.com">https://dbcorpltd.com</a></li></ul>
i.	Shareholders are and will continue to remain a tax resident of the country of their residence during the Financial Year 2021-22;



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ii.	Shareholders are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
iii.	The transaction/ arrangement/ investments from which the dividend is derived by the shareholder is not arranged in a manner which results in obtaining a tax benefit, whether directly or indirectly, as one of its principal purposes. The tax benefit, if any, derived from such transaction/arrangement /investments would be in accordance with the object and purpose of the provisions of the relevant Tax Treaty ('the Principle Purpose Test', if applicable to the respective Tax Treaty);
iv.	Shareholders have no reason to believe that their claim for the benefits of the DTAA is impaired in any manner;
v.	Shareholder is the ultimate beneficial owner of shares held in the Company and dividend receivable from the Company; and
vi.	Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2021-22.

**Please note that the Company is not obligated to apply the beneficial DTAA rates 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 Non-Resident Shareholder.**

**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%



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### **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%

### **9. Updation of PAN:**

Members are requested to complete and/or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form with the Company/RTA by submitting the required documents in PDF/JPG format through e-mail at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or by uploading the documents on the link <https://ris.kfintech.com/form15/>.

### **10. Timeline to submit the documents:**

Shareholders are requested to upload the relevant documents on the link: <https://ris.kfintech.com/form15/> on or before Sunday, 19th September, 2021 in order to enable the Company to determine and deduct TDS at applicable rates. Failure to do so, will attract higher TDS rates as mentioned in the above paragraphs. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction received after Sunday, 19th September shall be considered for payment of dividend for FY 2020-21, if approved, at the ensuing Annual General Meeting.

### **11. Information on Tax Deducted:**

Shareholders can check **Form 26AS** from their e-filing accounts at <https://incometaxindiaefiling.gov.in>

Shareholders can also use the “View Your Tax Credit” facility available at [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in). Please note, the credit in **Form 26AS** would be reflected after the TDS Return is filed on a quarterly basis by the Company, and the same is processed by the Income-tax department.



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The Company shall arrange to Email the soft copy of TDS certificate to you at your registered Email ID in due course, post payment of the said Dividend.

### **12. For Queries/Clarification:**

Please send your queries/clarification to:

[dbcs@dbcorp.in](mailto:dbcs@dbcorp.in) or [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)