



कर नीति -2024
Tax Policy-2024

1. Introduction and Objective of this Policy:

IDBI Bank Limited (or “Bank” or “the Bank”) is a leading bank in India's banking industry, regulated by the Reserve Bank of India (RBI). The Bank provides a comprehensive range of financial products to various customer segments, including large and mid-corporates, small and medium enterprises (SMEs), and retail businesses.

With over 2000 Branches and 3200+ ATMs, the Bank has pan-India presence including a Branch office at Gift City – IFSC which has focus on corporate lending, trade finance, syndication for India-based corporates, and liability business.

This policy addresses the management of tax risks arising for the Bank and its branches. IDBI Bank commits to acting responsibly in relation to its tax affairs, fulfilling its compliance and disclosure obligations, and operating in accordance with all relevant laws, regulations, standards and internal guidelines. This includes disclosures related to tax payments made in each country in which IDBI Bank operates or may operate. IDBI Bank is also guided by relevant international standards like the OECD guidelines (The Organization for Economic Cooperation and Development guidelines). The Bank's objective is to ensure transparent and responsible tax practices that align with its commercial strategy, build long-term shareholder value, and maintain its reputation as a responsible taxpayer with tax authorities and regulators.

The Bank's Tax Policy aims to:

- A. Manage tax risks associated with the bank and its branches.
- B. Fulfill compliance and disclosure obligations.
- C. Operate in accordance with all applicable laws and regulations in respective tax jurisdictions.
- D. Uphold transparency by disclosing tax payments made in each tax jurisdictions.
- E. Adhere to international standards, such as the OECD guidelines.

2. Scope:

This policy standards applies to IDBI Bank Limited and all its Branch, including its overseas branches, if any and branch at Gift-City IFSC.

3. Tax Risk Appetite Statement:

IDBI Bank actively contributes to the development of responsible tax policies, norms, and legislation. The Bank engages directly with tax authorities, participates in public consultation processes through representative groups, and collaborates with the Indian Bank Association's industry group. To align its tax risk management with its business strategy, the Bank has established its Tax Risk Appetite Statement. This statement defines the level of tax risk that IDBI Bank is willing to accept while implementing the business plans. By operating within the boundaries set in this statement, the Bank will effectively mitigate financial and reputational tax risks.

IDBI Bank has an appetite for:

- 1) Managing corporate income tax, indirect tax (GST, Service Tax, etc.), and operational tax liabilities through fully compliant tax principles and actions.
- 2) Engaging with tax authorities and stakeholders in an open, transparent, and integrity-driven manner, aligned with the Bank's code of conduct.
- 3) Managing tax litigation transparently, cost-effectively, and with a focus on early resolution.

IDBI Bank has no appetite for:

- 1) Knowingly developing or participating in financial products or services that may be deemed unacceptable or inappropriate by relevant tax authorities, as they do not align with the spirit of tax laws in operating jurisdictions.
- 2) Interpreting tax laws in a manner contrary to their intention or aggressively structuring transactions that go against the spirit of fiscal laws in operating jurisdictions.
- 3) Tolerating gross failures in compliance with statutory tax obligations, such as filing tax returns and paying taxes in respective jurisdictions.

To adhere to tax risk appetite, IDBI Bank manages its affairs in all jurisdictions by adhering to the principles outlined in this policy.

4. Tax Planning:

The Bank acknowledges the significance of tax planning as a legitimate tool to manage its tax liabilities efficiently. The Bank's tax planning strategies are developed within the framework of applicable laws and regulations, ensuring the Bank complies with the spirit and intent of tax legislation. The Bank strives to achieve optimal tax outcomes while avoiding aggressive tax avoidance schemes. The Bank's tax planning practices are guided by transparency, integrity, and risk management, enabling the Bank to align its business objectives with its tax obligations.

5. Tax Risks and Tax Cost:

While the Bank is committed to fulfilling its tax obligations in all operating jurisdictions, there may be genuine differences in interpreting certain tax provisions between the Bank and revenue authorities. Such differences can lead to disputes, tax risks, and litigation. Tax costs include taxes, interest, compounding fees, or penalties imposed by relevant taxing authorities. The Bank has adopted a Tax Litigation management framework, duly approved by internal risk committee, for managing its litigations, disputed tax payments and corresponding provisions and contingent liabilities which is reviewed annually. The Bank strives to limit tax risks to prevent any financial or reputational loss and ensure smooth business operations. The Bank has been in active consultation with other banks and Indian Banks Association and has raised issues with the governing bodies for both Direct and Indirect tax in areas of differences.

6. Compliances and Accountability:

The Bank is committed to fulfilling all statutory tax compliances within prescribed timelines in all jurisdictions where it operates. The Bank conducts internal due diligence to ensure accurate and timely completion of tax returns in adherence to regulatory requirements. The Bank maintains proper records as mandated and extends full cooperation to auditing agencies appointed for compliance audits. Additionally, the Bank strives to follow transfer pricing principles, conduct transactions at arm's length with related entities/branches, and maintain documentation required by fiscal laws. The Bank commits not to use tax structures without commercial substance. The Bank prioritizes corporate social responsibility by paying its fair share of taxes in the jurisdictions of operation and avoiding participation in settlement schemes. The Bank maintains a transparent and proactive relationship with government bodies and tax authorities, engaging in formal consultation processes and contributing to fiscal proposals. The Bank's tax professionals adhere to a code of conduct, observing all

applicable laws, rules, regulations, standards and disclosure requirements, while fostering positive working relationships with tax authorities and other stakeholders.

The Bank recognizes the significance of tax compliance and the importance of optimizing its tax position within the bounds of the law. This tax policy outlines the Bank's commitment to responsible tax practices, covering various critical areas such as tax planning, transfer pricing, tax governance, international taxation, tax reporting and documentation, tax transparency, and collaboration with tax advisors. By adhering to these principles, the Bank aims to uphold its integrity, fulfill its obligations, and contribute positively to the communities it serves.

7. Arm's Length Pricing:

The Bank recognizes the importance of arm's length pricing compliance to prevent any potential tax disputes. The Bank's pricing practices would strive to adhere to international best practices, ensuring that related-party transactions are priced appropriately and reflect arm's length principles. By following these guidelines, Bank minimizes the risk of transfer pricing adjustments and demonstrates its commitment to fair and accurate reporting.

8. International Taxation:

The Bank diligently complies with the tax laws and regulations of each jurisdiction where it operates. The Bank's tax policy addresses issues such as foreign tax credits, tax treaties, permanent establishment risks, and withholding tax obligations. The Bank actively manages its international tax risks to ensure compliance and minimize any potential adverse tax implications.

9. Goods and Services Tax

Since its implementation in 2017, Bank has been adhering to changes which have been brought about in the Indirect Tax legislation in the country. The Bank's GST related practices are aligned with the industry, and Bank has followed the highest level of discipline in undertaking compliances and forming its tax positions on all transactions. By following these guidelines, Bank minimizes the risk of any tax defaults and ensure that accurate and timely reporting is being undertaken.

10. Corporate Social Responsibility:

At IDBI Bank, paying the fair share of taxes is an essential part of its Corporate Social Responsibility and aligns with the expectations of its stakeholders. The Bank is committed to upholding tax compliance principles and maintaining positive relationships with tax authorities. While Bank may utilize legitimate tax incentives and exemptions offered by governments, in cases where Bank participates in any amnesty schemes, full disclosure will be made accordingly.

As a responsible institution, Bank is committed to managing tax risks associated with the Bank and its branches. Additionally, Bank prioritizes maintaining a positive reputation as a responsible taxpayer with tax authorities and regulators.

11. Tax Reporting and Documentation:

Accurate tax reporting and comprehensive documentation are vital components of Bank's tax policy. Bank has also deployed technology, wherever required, to ensure its Tax compliances, such as timely and correct deductions of tax on payments made by the

Bank to its customers, vendors, etc. Bank maintains meticulous records, substantiating its tax positions and ensuring compliance with reporting requirements. Bank's tax reporting processes are designed to facilitate timely and accurate tax filings, enabling to meet obligations to tax authorities while promoting transparency and accountability. Bank also ensures adherence to the disclosure requirements of Capital market regulators with respect to its tax matters.

12. Tax Transparency:

The Bank recognizes the importance of tax transparency in building trust with its stakeholders. Bank's commitment to tax transparency is demonstrated through its adherence to applicable tax regulations and reporting requirements. The Bank commits not to transfer value created to low tax jurisdictions. The Bank fulfills its obligations to disclose relevant tax information whenever called upon by law or by regulators. By promoting tax transparency, Bank aims to foster public trust and contribute to the broader understanding of its tax contributions.

13. Tax Compliance:

The Bank shall always act in compliance with prevailing tax laws, rules and regulations in letter and spirit and inform its clients about the tax aspects of banking products. Bank shall ensure that all taxes are correctly collected /accounted for and paid on timely basis and that all the tax returns are filed accurately and within the regulatory timelines. Bank shall track its tax compliance performance, review tax reports and filings, periodically review its tax controls framework and conduct regular assessments to identify potential areas of non-compliance and take appropriate steps to attend tax related issues that may arise.

14. Collaboration with Tax Advisors:

The Bank recognizes the value of collaborating with external tax advisors to ensure sound tax management practices. Bank engages reputable tax advisors to provide the Bank with expert guidance on complex tax matters. The Bank's collaboration is based on ethical standards, integrity, and transparency. The Bank sets clear expectations and maintains oversight to ensure that tax advice received, aligns with its commitment to responsible tax practices.

15. Tax Functions:

The Bank's tax function works in partnership with the business to provide timely, relevant, and business-focused tax advice. The tax team evaluates multiple alternatives, considering market practices, jurisdictional precedents, the spirit of tax laws, and aims for fair and competitive commercial outcomes. The Bank adopts the "more likely than not" principle when making decisions on tax matters, ensuring that proposed treatments can withstand scrutiny by tax authorities.

When tax laws are unclear or multiple interpretations are possible, Bank may seek expert opinions before determining its position. Expert opinions are evaluated holistically by the tax team, who then decide on the final position. Bank may also deploy services of Tax advisors to help and advice in its day-to-day management of Tax.

16. Tax Governance:

Robust tax governance is fundamental to the Bank's tax management framework. The Bank has established clear lines of accountability and responsibility within its

organization. The Bank's tax governance framework defines the roles and responsibilities of individuals involved in tax-related matters, ensuring a strong control environment and specifies the approval process for significant tax-related decisions. By maintaining effective tax governance, Bank enhances its tax risk management, maintain compliance, and provide clear guidance for tax-related decision-making processes.

17. Code of Conduct:

This tax code of conduct applies to all members of tax teams working within the Bank and its branches. Its purpose is to provide guidance on the role of tax team members, their responsibilities, professional conduct, and their approach to working relationships with external parties.

Member of the Tax team within the Bank will aim to:

1. Effectively manage tax risks in accordance with the various components outlined in the Tax Policy.
2. Observe and comply with all applicable laws, rules, regulations, and disclosure requirements relating to taxation.
3. Ensure compliance with all anti-bribery legislation.
4. Develop and foster strong working relationships with tax authorities, government bodies, and other related stakeholders. This includes responding in a professional, courteous, and timely manner to inquiries and requests.
5. Maintain utmost secrecy and integrity while managing Tax compliance of the Bank.
6. Not indulge in any unethical dealings with any outsiders including any customers, vendors, officials of Tax authorities, lawyers, counsels, etc.
7. Ensure that office accounts are not used for circumventing the Tax liabilities.
8. Not indulge in providing any advice or guidance or resource on personal tax related aspects of customers, vendors, etc.

18. Miscellaneous:

At IDBI Bank, its tax policy underscores its commitment to responsible tax practices, compliance with tax laws, and optimization of its tax position. By addressing the above matters, Bank strive to ensure that its tax practices align with its business values and contribute positively to the economic and social environments in which the Bank operate.

The Tax Policy will be reviewed and approved by the Board of Directors annually, to accommodate evolving situations and scenarios. This policy should be read in conjunction with the relevant tax laws and latest regulatory guidelines, directives and standards (of RBI, CBDT, ICAI, MCA, etc.). In future, due to changes in the laws/regulatory guidelines/directives/standards, if any section of this policy or the complete policy itself becomes conflicting to those laws/guidelines, the laws/regulatory guidelines shall prevail and be applicable to the Bank. Bank is committed to providing assurance that its tax practices remain in accordance with the policy and relevant tax laws.

The information provided in this policy is of a general nature to give stakeholders an overview of Bank's commitment to responsible tax practices, compliance, and transparency and does not constitute tax advice. Stakeholders are encouraged to consult their own tax advisors before making any decisions based on the information provided.
