



IDBI BANK LIMITED
CIN- L65190MH2004GOI148838
TAN- MUMI17855F

23rd May 2023

Intimation / communication in respect of deduction of Tax at Source (TDS)
on dividend for Financial year 2022-23.

Dear Shareholders,

We wish to inform you that the Board of Directors of IDBI Bank Limited (the Bank) at its Meeting held on April 29, 2023 has recommended a final dividend of Re.1/- per Equity Share having Face Value Rs.10/- each for the financial year ended March 31, 2023 subject to shareholder's approval at the ensuing Annual General Meeting.

In accordance with the provisions of the Income Tax Act, 1961 (the Act), as amended by the Finance Act, 2020, the dividends declared and paid by a Bank are taxable in the hands of the shareholders. Therefore the Bank is required to deduct Tax at Source (TDS) on the distribution of dividend income as per prescribed rates. The TDS rate may vary depending upon the availability of valid PAN, residential status, category of shareholder, etc. and is subject to provision of requisite documents / declarations received by the Bank. The rate of TDS, applicability of exemption (if any) along with documents required for various categories of shareholders is enumerated below –

A. Resident Shareholders:

Sr. No.	Particulars	Rate	Documents required
1.	Valid PAN updated with RTA / Depository Participant	10%	Shareholders can update valid PAN/ Email ID / Mobile Number with RTA / Depository Participant by submitting the copy of PAN / other requisite documents / forms before the record date so that TDS will be deducted at 10% (where applicable). Note - No deduction of tax would be made if the total dividend income paid to a resident individual member during F.Y. 2023-24 is less than Rs. 5,000/-
2.	No / Invalid PAN with RTA / Depository Participant	20%	NA

3.	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the IT Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Copy of lower tax withholding certificate obtained from Income Tax Department
4.	An Individual furnishing Form 15G/15H	NIL	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form No. 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions. • This form can be submitted only in case the shareholder's tax on estimated total income for FY 2023-24 is Nil • Refer Annexure-1 for format of Form No. 15G and Annexure-2 for format of Form No. 15H
5.	Shareholders to whom section 194 of the IT Act does not apply such as LIC, GIC, Business Trust (REIT, InVIT) etc.	NIL	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Self-declaration in the format given as Annexure-3, along with the registration certificate substantiating applicability of section 194 of the IT Act.
6.	Shareholder covered u/s 196 of the Act such as Government, RBI, Mutual Funds specified u/s 10(23D), corporations established by Central Act and exempt from Income Tax.	NIL	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Self-declaration in the format given as Annexure-3, along with the registration certificate substantiating applicability of section 196 of the IT Act.
7.	Category I and II Alternative Investment Fund (AIF) Category III AIF	NIL 10%	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Self-declaration in Annexure-3 that the person is covered by Notification No. 51/2015 dated 25th June 2015 and established as Category I or Category II AIF under the SEBI regulations along with registration certificate issued by SEBI. • This rate will be applicable for Category

			III AIF
8.	Any other entity exempt from withholding tax under the provisions of section 197A of the IT Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	NIL	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Self-declaration in the format prescribed in Annexure-3 that the person is covered under the provisions of section 197A of the IT Act (except for individual Sikkimese resident) • Submit declaration in Annexure-4 in case of individual Sikkimese resident. Adequate documentary evidence, substantiating the type of the entity. • Copy of the lower tax withholding certificate obtained from Income Tax Department (except those covered by Circular 18/2017)

B. Non-Resident Shareholders:

Sr. No.	Category	Withholding tax rate	Declaration / documents required
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	<ul style="list-style-type: none"> • Self-attested copy of PAN card (if available). • Self-declaration as per the format given in Annexure-5, • Copy of Tax Residency certificate (TRC) issued by revenue authority of country of residence of shareholder for the financial year 2023 (covering the period from April 1, 2023 to March 31, 2024) • Self-attested copy of Form 10F submitted at Income Tax Portal if all the details required in this form are not mentioned in the TRC, however if PAN is not available then a Declaration in Form No. 10F as per the format given in Annexure-6, <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Bank of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Bank reserves the right to not consider the tax</p>

			rate prescribed under the tax treaty).
2.	Alternative Investment Fund - Category III located in International Financial Services Centre	10% (plus applicable surcharge and cess)#	<ul style="list-style-type: none"> • Self-attested copy of PAN card (if available) • Self-declaration as per the format given in Annexure-7, along with adequate documentary evidence substantiating the nature of the entity
3.	Other Non-resident shareholders (except those who are tax residents of Notified Jurisdictional Area	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	<p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ul style="list-style-type: none"> • Self-attested copy of PAN card (if available) • Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the Calendar Year 2023/ financial year 2022-2023 (covering the period from April 1, 2022 to March 31, 2023) • Self-attested copy of Form 10F submitted at Income Tax Portal if all the details required in this form are not mentioned in the TRC, however if PAN is not available then a Declaration in Form No. 10F as per the format given in Annexure-6 • Self-declaration for non-existence of permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on shareholder's letterhead] as per the format given in Annexure-8, <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Bank of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Bank reserves the right to not consider the tax rate prescribed under the tax treaty).</p>
4.	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of	30%	NA

	the Act		
5.	Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the IT Act	NIL	<ul style="list-style-type: none"> • Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the IT Act issued by the Government of India. • Self-Declaration as per the format given in Annexure-9 or Annexure-10, that the conditions specified in section 10(23FE) have been duly complied with
6.	Wholly owned Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the IT Act	NIL	Self-Declaration as per the format given in Annexure-11 , substantiating the fulfilment of conditions prescribed under section 10(23FE) of the IT Act
7.	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 195 or 197 of the IT Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	Copy of the lower tax withholding certificate obtained from Income Tax Department

Notes:

- a. The aforesaid requisite documents as applicable to your case can be uploaded on the link <https://ris.kfintech.com/form15/> on or before June 30, 2023. Where copies of the documents are required, such copies should be self-attested by the shareholder or its authorized signatory.
- b. Please note that all forms/ declarations submitted are valid for the Financial Year for which it has been issued. Hence, you are requested to submit appropriate forms for Financial Year 2023-24. The documents furnished by the shareholders (such as Form 15G/15H, TRC, Form 10F, Self-Attested Declaration, etc.) shall be subject to review and examination by the Bank / RTA before granting any beneficial rate or NIL Rate. The Bank reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete. In such cases, the Bank reserves the rights to rely on its independent assessment and deduct tax at higher rates as per applicable provisions.
- c. As per the provisions of Section 206AB of the Act, if any TDS is deductible from a "specified person", then, TDS would be deducted at higher of the following rates-
 - a. Twice the rate specified in the relevant provision of the Act;
 - b. Twice the rate or rates in force;
 - c. At the rate of 5%.

For the above purpose, "specified person" means a person, being a resident or a non-resident having a Permanent Establishment (PE) in India,-

- 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 this purpose, the assessment year would be reckoned to be the one for which time limit for filing Return of Income under sub-section (1) of section 139 has expired; and
- The aggregate of TDS/TCS deducted/collected in the case of such person is Rs. 50,000 or more in the above referred previous year.

Accordingly, if, at the time of deducting TDS, the status of a resident shareholder or a non-resident shareholder (having a PE in India), as shown by the system of the Income-tax Department, is a "specified person", TDS would be deductible at twice the normally applicable rate or 5%, whichever is higher.

Further, if owing to non-availability of PAN of a shareholder who is a "specified person" under section 206AB of the Act, the provisions of section 206AA are also applicable, TDS would be deductible at the rate applicable under section 206AA or under section 206AB of the Act, whichever is higher.

In the cases of resident shareholders, if PAN of a shareholder is not updated, it shall be assumed that the shareholder is a "specified person" for the purpose of section 206AB of the Act and TDS would be regulated accordingly.

It may be noted that, the provisions of Section 206AB shall not be applicable in the cases of non-resident shareholders not having a PE in India. For this purpose, the expression PE (i.e., permanent establishment) includes a fixed place of business through which the business of the non-resident is wholly or partly carried on.

Thus, if a non-resident shareholder, who is otherwise liable for higher TDS under Section 206AB, submits a duly signed and verified declaration confirming that he/she does not have a PE in India, the provisions of Section 206AB would not come into play and TDS would be deductible at the normally applicable rate. In absence of such a declaration, TDS would be regulated as per the provisions of section 206AB of the Act.

- a. In case of tax deducted at a higher rate, the shareholder shall have the option to file return of income and claim appropriate refund from the Income Tax Authority. No claim shall lie against the Bank for the taxes deducted.
- b. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, the shareholder will be responsible to indemnify the Bank and also, provide the Bank with all information / documents and co-operation in any tax proceedings.
- c. In case dividend income is assessable in the hands of person other than member, then

declaration ([Annexure-12](#)) needs to be provided by member for the same as per Rule 37BA of the Income Tax Rules, 1962.

- d. The Bank will issue soft copy of the TDS certificate to its shareholders through email registered with the Bank / RTA post payment of the dividend. Shareholders will be able to download the tax credit statement from the Income Tax Department's website <https://www.incometax.gov.in> (refer to Form 26AS).
- e. The Securities and Exchange Board of India (SEBI) has mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by Members holding shares in physical form. W.e.f. October 01, 2023, the Bank/ RTA shall be constrained to freeze such folio(s) wherein any of the above cited documents/ details are not available. Members holding shares in physical form are therefore advised to update the details as mentioned above. Relevant details and forms prescribed by SEBI in this regard are available on the website of the Bank at <https://www.idbibank.in>

This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

Thanking you and assuring you of our best services.

Yours faithfully,

For IDBI Bank Ltd.,

Jyothi Biju Nair
Company Secretary