

Dear Shareholder,

The Board of Directors of SJVN has declared and approved interim Dividend for FY 2022-23 amounting to Rs. 1.15 per Equity Share in its meeting held on 06th February 2023. The record date for eligibility of interim dividend is **17th February 2022**.

Pursuant to Finance Act, 2020, dividend income shall be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company shall be required to deduct Tax at Source (“TDS”) from dividend paid to shareholders at the prescribed rates in the Income Tax Act, 1961 (“the IT Act”). The shareholders are requested to complete and/ or update their Residential Status, PAN, Category as per the IT Act with the Company’s Registrar and Transfer Agents – **Alankit Assignments Limited** (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A. For Resident Shareholders:

- I. TDS shall be deducted at the rate of 10% under Section 194 of the IT Act on the amount of dividend declared and paid by the Company in the financial year 2022-23 provided valid PAN is registered by the shareholders. If the valid PAN is not registered, the TDS shall be deducted at the rate of 20% under Section 206AA of the IT Act.
- II. However, no tax shall be deducted on the dividends paid to resident individuals if aggregate dividend distributed or likely to be distributed during the financial year does not exceed Rs. 5,000/-.
- III. In case where the shareholder provides valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income), no TDS shall be deducted.
- IV. In case of resident insurance companies, no TDS shall be deducted upon furnishing of declaration that they are beneficial owners of shares held and Registration/exemption certificate issued by the IRDAI substantiating applicability of section 194 of the Act.

B. For Non- resident shareholders:

- I. Tax is required to be withheld in accordance with the provisions of Section 195 of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the IT Act, a 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 the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide all of the following documents:
 - a) Self-attested copy of PAN allotted by the Indian Income Tax Authorities;
 - b) Self-attested copy of valid Tax Residency Certificate obtained from the Tax Authorities of the country of which the shareholder is a resident (valid for financial year 2022-23);
 - c) Self-declaration in Form 10F; Electronically Filed Form 10F on Income Tax Portal as per Notification No. 03/2022 dated 16th July 2022 issued by the Income Tax Department
 - d) Self-declaration to the following effect:
 - shareholder is and will continue to remain a tax resident of the country of its residence during the financial year 2022-23;
 - shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
 - shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;

- shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
 - shareholder does not have a taxable presence or a permanent establishment in India during the financial year 2022-23 in accordance with the applicable DTAA.
- II. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders.
- III. In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess) subject to beneficial provisions of the relevant Double Tax Avoidance Agreement (“DTAA/Treaty”).

C. Section 206AB of IT Act (effective from July 1, 2021 and amended via Finance Act, 2022) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB of the IT Act, tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the IT Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where Sections 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.

The term 'specified person' is defined in sub section (3) of section 206AB of the IT Act who satisfies the following conditions:

- A person who has not filed the income tax return for the assessment year relevant to the previous years immediately prior to the previous year in which tax is required to be deducted, for which time limit of filing of return of income under section 139(1) of the IT Act has expired; and
- The aggregate of TDS and Tax Collection at Source ('TCS') in his case is Rs.50,000 or more in the said previous years. The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

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In this regard, the Company will use the online utility provided by CBDT "Compliance Check for Sections 206AB and 206CCA". Refer Circular No. 11 of 2021 issued by CBDT in this regard.

In case, a person fulfils the conditions of being a 'specified person' as per the CBDT online utility, then tax will be deducted at higher rate as discussed above.

D. Aforementioned documents are required to be mailed to sjvn.dividend@sjvn.nic.in for claiming TDS exemption/lower deduction by 11:59 P.M. IST on February 21, 2023. No communication would be accepted from members after February 21, 2023 regarding the tax withholding matters.

- E. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents or upon documents being found to be non satisfactory on review by the Company, the shareholder would still have the option of claiming refund of the excess tax paid at the time for filing their income tax return. No claim shall lie against the Company for such taxes deducted.
- F. Shareholders may note that, since the tax consequences are dependent on facts and circumstances of each case, they are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.
- G. Shareholders will be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>.

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