



TATA POWER

THE TATA POWER COMPANY LIMITED

Corporate Identity No. (CIN): L28920MH1919PLC000567

Registered Office: Bombay House, 24, Homi Mody Street, Mumbai 400 001

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THIS COMMUNICATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Dear Shareholder(s),

We are pleased to inform you that the Board of Directors at their Meeting held on May 19, 2020 have recommended a Dividend of ₹ 1.55 per Equity Share of ₹ 1 each (155%) for the financial year ended March 31, 2020. As you are aware, 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. The Company shall, therefore, be required to deduct tax at source at the time of making the payment of the Dividend, if declared at the Annual General Meeting of the Company.

This communication provides the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories.

I. For Resident Shareholders -

Tax is required to be deducted at source under Section 194 of the Act at 7.5% on the amount of dividend where shareholder(s) have registered their valid Permanent Account Number (PAN) and at a rate of 20% for cases where the shareholder(s) does not have PAN / has not registered their valid PAN details in their account.

a. Resident Individuals:

No tax shall be deducted on the dividend payable to resident individuals if -

o Total dividend to be received by them during the financial year 2020-21 does not exceed ₹ 5,000/-

o The shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years), as per the attached Formats, provided that all the required eligibility conditions are met

b. Resident Non Individuals:

You are requested to provide -

o **Insurance Companies:** Public & other Insurance Companies, a declaration that it has full beneficial interest with respect to the shares owned by it along with PAN.

o **Mutual Funds:** Self-declaration that they are specified in Section 10 (23D) of the Act along with self-attested copy of PAN card and registration certificate.

• **Alternative Investment Fund (AIF):** AIF established/incorporated in India - Self-declaration that its income is exempt under Section 10 (23FBA) of the Act and they

are governed by SEBI regulations as Category I or Category II AIF along with self-attested copy of the PAN card and registration certificate.

o **Other Non-Individual shareholders:** Who are exempted from TDS under provisions of Section 194 of the Act and who are covered u/s 196 of the Act are also not subject to withholding of any tax are required to submit an attested copy of the PAN along with the documentary evidence in relation to the same.

c. In case where the shareholders provide certificate under Section 197 of the Act for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

II. For Non-resident Shareholders -

a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act as per 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. In case, certificate issued under Section 197/195 of the Act is given by non-resident shareholders for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

b. Further, 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 Treaty 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 Tax Treaty benefits, the non-resident shareholders will have to provide the following:

o Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities. If the PAN is not allotted, please provide your email address, contact number, tax identification number allotted in the country of residence and address in country of residence.

o Self-attested copy of Tax Residency Certificate (TRC) (*for FY 2020-21*) obtained from the tax authorities of the country of which the shareholder is resident.

o Self-declaration in Form 10F for FY 2020-21 (attached herewith), if all the details required in this form are not mentioned in the TRC

o Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty (*for FY 2020-21*)

o Self-declaration of Beneficial ownership (*for FY 2020-21*) by the non-resident shareholder (draft format attached herewith)

➤ Preliminary Checklist duly filed in.

Note: Please note that in case of non-individuals- Form 10F, declaration of No Permanent Establishment and Beneficial ownership should be on the letterhead of the entity.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

c. In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Income Tax Act, 1961.

Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, **we request you to provide these details and documents as mentioned above on or before July 9, 2020.**

The Dividend for FY 2019-20 will be paid after deducting the tax at source as under:

A. FOR RESIDENT SHAREHOLDERS:

Nil for resident shareholders in case Form 15G / Form 15H (as applicable) is submitted along with self-attested copy of the PAN. Please note that the duly filled up forms submitted through your registered email id will be accepted in the present circumstances due to COVID-19

- o Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act.
- o 7.5% for resident shareholders in case PAN is provided / available
- o 20% plus applicable surcharge and cess, for resident shareholders in case PAN is not provided / not available

B. FOR NON-RESIDENT SHAREHOLDERS:

- o Beneficial tax treaty rate (based on tax treaty with India) for non-resident shareholders, as applicable will be applied on the basis of documents submitted by the non-resident shareholders
- o Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under Section 195/197 of the Act
- o 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted (including FII/ FPI)

C. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY:

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.

Kindly note that the aforementioned documents are required to be emailed as mentioned below :

Resident shareholders to send to:	csq-exemptforms@tsrdarashaw.com
Non-Resident shareholders to send to:	tpowernonresforms@tsrdarashaw.com

on or before July 9, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination / deduction shall be entertained post July 9, 2020. It may be further noted that in case the tax on the said Dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

In view of the prevailing lockdown due to COVID 19, shareholders are requested to complete necessary formalities with regard to their bank accounts attached to their demat account for enabling the Company to make timely credit of dividend in the respective bank accounts.

We request your cooperation in this regard.

We urge you to stay safe.

Thanking you,

Yours faithfully,

For The Tata Power Company Limited

H. M. Mistry
Company Secretary
(FCS 3606)