

DATAMATICS

Datamatics Global Services Limited

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Dear Shareholder(s),

Subject: Datamatics Global Services Limited - Communication in respect of Tax Deduction at Source on Final Dividend

We are pleased to inform you that the Board of Directors of the Company, at the meeting held on May 08, 2024 has recommended a final dividend of Rs. 5/- per equity share, having a face value of Rs. 5/- each, for the financial year ended March 31, 2024.

The dividend, as recommended by the Board, if approved at the ensuing annual general meeting (AGM) of the Company will be paid to the equity shareholders holding equity shares of the Company as at the record/book closure dates (to be announced in due course).

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 on or after 1st April 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 approved, at the ensuing AGM of the Company.

This communication provides a brief overview of the applicable Tax Deduction at Source (TDS) provisions under the Act for resident and non-resident shareholder categories.

I. For Shareholders, who are Resident in India -

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN / have not registered their valid PAN details in their account, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.

a. Resident Individuals:

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

i. The amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year 2024-25, to the shareholder, does not exceed Rs.5,000/-; or

ii. The shareholder provides valid Form 15G [applicable to an individual (other than Senior Citizen) or a person (not being a company or a firm)] / Form 15H (applicable to an Individual who is of the age of 60 years or more at any time during the financial year 2024-25), provided that all the required eligibility conditions are met. Please note that all **the applicable** fields are mandatory to be filled up **in respective forms** and the Company will reject incomplete forms. If the recipient makes a declaration without his / her valid PAN, TDS would be deducted @ 20% as per Section 206AA of the Act.

Subject to above, Form 15G/15H needs to be furnished only if dividend amount exceeds Rs.5,000/-.
Considering that the Company has declared dividend of Rs.5/- per share, need for submitting Form 15G/15H will arise only if your shareholding exceeds 1,000 shares.

You can access FORM 15G and 15H by clicking on the below link:

[Form 15G and Form 15H](#)

iii. Exemption certificate is issued by the Income-tax Department, if any.

Note:

1. **Shareholders are requested to ensure their Aadhar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhar with PAN within the prescribed timelines, PAN shall be considered inoperative, and in such scenario, tax shall be deducted at higher rate of 20%. The Company will be using functionality of the Income-tax department for the above purpose.**
2. **Recording of the PAN for the registered Folio/DP ID-Client ID is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.**

b. ***Non-Individuals, who are resident in India:***

No tax shall be deducted on the dividend payable to the following non-individuals, who are resident in India, where they provide details and documents:

i. **Insurance Companies:** Self declaration that it qualifies as 'Insurer' as per Section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the Equity shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/ LIC/ GIC.

ii. **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.

iii. **Alternative Investment Fund (AIF):** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.

iv **Sovereign Wealth funds and Pension funds:** Self-Declaration that the conditions specified in section 10(23FE) of the Act have been duly complied with.

v. **New Pension System (NPS) Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for exemption under Section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.

vi. **Other Non-Individual shareholders:** Shareholders who are exempted from the provisions of TDS as per Section 194 of the Act and who are covered under Section 196 of the Act shall also not be subjected to any TDS, provided they submit an attested copy of the PAN along with the documentary evidence.

You can access Declaration by Resident Non Individuals by clicking on the below link:

[Declaration by Insurance Companies, Mutual Funds and AIFs](#)

[Declarations by funds notified by Central Government u/s 10\(23FE\) of the IT Act](#)

c. In case, shareholders (both individuals and non-individuals) provide certificate under Section 197 of the Act, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, 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 and Section 196D of the Act, as per the rates as applicable. 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, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, 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 Taxation Avoidance Agreement (DTAA) 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 DTAA benefits, the non-resident shareholders are required to provide the following:

1. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish:

(i) name, e-mail id, contact number;

(ii) address in the country or specified territory outside India of which the shareholder is a resident;

(iii) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate;

(iv) Tax Identification Number of the shareholder in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the shareholder is identified by the Government of that country or the specified territory of which he claims to be a resident.

2. Self-attested copy of Tax Residency Certificate (TRC) (valid for the period April 2024 to March 2025 or later) obtained from the tax authorities of the country of which the shareholder is a resident.

You can access Tax Residency Disclosure by clicking on the below link:

[Disclosure of Tax Residency Certificate \('TRC'\)](#)

Note: In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.

3. Form 10F to be furnished electronically at income tax e-filing portal as per Notification no. 03/2022 dated 16th July, 2022 to avail benefit of DTAA. The copy of acknowledgement generated from income tax portal should be submitted to the Company.

You can access Form 10F by clicking on the below link:

[Form 10F](#)

4. Self-declaration for No PE (Permanent Establishment) in India – Shareholders are required to declare that they do not have Permanent Establishment (PE) in India.

5. Self-declaration by shareholder of meeting DTAA read with MLI eligibility requirement and satisfying beneficial ownership requirement. (for the period April 2024 to March 2025).

You can access Non Resident Tax Declaration by clicking on the below link:

[Non Resident Tax Declaration](#)

6. In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.

7. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA 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.

Accordingly, in order to enable us to determine the appropriate withholding tax rate applicable, **we request you to provide these details and documents as mentioned above, on or before July 25, 2024 (cut off period)**. Any documents submitted after cut-off period will be accepted at the sole discretion of the Company.

The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents through their respective custodian who is registered on National Securities Depository Limited (“NSDL”) platform, on or before the aforesaid timelines.

III. Tax resident of any notified jurisdictional area- Where any shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Act, tax will be deducted at source at the rate of 30% or at the rate specified in the relevant provision of the Act or at the rates in force, whichever is higher, from the dividend payable to such shareholder in accordance with Section 94A(5) of the Act. Notwithstanding anything contained above, in case the shareholders provide a certificate under Section 197 of the Act for lower / NIL withholding of taxes, the rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

IV. TDS to be deducted at higher rate in case of non-filers of Return of Income:

The Finance Act, 2021, has *inter alia* inserted the provisions of Section 206AB of the Act with effect from 1st July 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'Specified Person':

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

If the provisions of Section 206AA is applicable to a Specified Person, in addition to the provisions of Section 206AB, the tax shall be deducted at higher of the two rates provided in this section and in Section 206AA.

For the purpose of this Section “**Specified Person**” means a person 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 which the time limit for furnishing the return of income under Section 139(1) has expired and the aggregate of tax deducted at source and tax collected at source in his case is Rs. 50,000/- or more in the said previous year.

Provided that the specified person shall not include a non-resident who does not have a permanent establishment in India.

For the purpose of this sub-section, the expression “permanent establishment” includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.

As per Central Board of Direct Taxes vide Circular No. 11 of 2021 dated 21st June 2021, for determining TDS rate on Dividend, the Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act. Rate of 20% will be applied for shareholders who are determined as Specified Person in Income tax department portal.

V. Credit for tax deducted at source for the purpose of Section 199:

As per Rule 37BA of Income Tax Rules 1962, Credit for tax deducted at source and to be paid to the Central Government shall be given to the person to whom payment has been made or credit has been given on the basis of information relating to deduction of tax furnished by the deductor to the income-tax authority or the person authorized by such authority.

Where under any provisions of the Act, the whole or any part of the income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, credit for the whole or any part of the tax deducted at source, as the case may be, shall be given to the other person and not to the deductee:

Provided that the deductee files a declaration with the deductor and the deductor reports the tax deduction in the name of the other person in the information relating to deduction of tax referred as above.

The declaration filed by the deductee as above, shall contain the name, address, permanent account number of the person to whom credit is to be given, payment or credit in relation to which credit is to be given and reasons for giving credit to such person.

The deductor shall issue the certificate for deduction of tax at source in the name of the person in whose name credit is shown in the information relating to deduction of tax as above and shall keep the declaration in his safe custody.

You can access Declaration under Rule 37BA by clicking on the below link:

[Declaration under Rule 37BA](#)

Credit for tax deducted at source and paid to the Central Government, shall be given for the assessment year for which such income is assessable. If the income is assessable over a number of years, credit for tax deducted at source shall be allowed across those years in the same proportion in which the income is assessable to tax.

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

Shareholders holding equity 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.

VII. It may be further noted that in case the tax on 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.

SUBMISSION OF TAX RELATED DOCUMENTS:

The aforesaid documents, as applicable, may be sent to us on email at investors@datamatics.com on or before July 25, 2024 to enable us to determine the appropriate TDS/ withholding tax rate applicable. If any details/ documents for tax determination/ deduction are received post July 25, 2024, it shall not be considered for payment of dividend.

UPDATION OF BANK ACCOUNT DETAILS, PAN, EMAIL ADDRESS AND OTHER DETAILS:

Shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email addresses, mobile numbers and other details with their relevant depositories through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to the Company's Registrar and Share Transfer Agent (RTA) namely Datamatics Business Solutions Limited. The company is obligated to deduct tax at source (TDS) based on the records available with Depositories/RTA and **no request will be entertained for revision of TDS return.**

In order to facilitate receipt of dividend directly in your bank account, shareholders are requested to ensure that their bank account details in their respective demat accounts/ physical folios are updated, to enable the Company to make timely credit of dividends in their bank accounts.

We seek your co-operation in the matter.

Thanking you,

Yours faithfully,
For DATAMATICS GLOBAL SERVICES LIMITED

Sd/-
Divya Kumat
EVP, Chief Legal Officer and Company Secretary

Disclaimer: The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, shareholders are advised to consult their tax consultant with respect to specific tax implications arising out of receipt of dividend.