



# PUNJAB CHEMICALS

AND CROP PROTECTION LTD.

CIN NO. L24231PB1975PLC047063

Regd. Office & Works

Milestone-18, Ambala-Kalka Road, Village & P.O. Bhankharpur, Derabassi, Distt SAS Nagar, Mohali (Punjab)-140201, INDIA  
Tele: 01762-280086, 522250, Fax: 01762-280070, E-mail: info@punjabchemicals.com, Website: www.punjabchemicals.com

Date: 28<sup>th</sup> June, 2023

## BY E FILING

The Manager Department of Corporate Services BSE Limited <b>MUMBAI-400 001</b> Re: <u>BSE Scrip Code: 506618</u>	The Manager Listing Department National Stock Exchange of India Limited <b>MUMBAI-400 051</b> <u>NSE Scrip Symbol: PUNJABCHEM</u>
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Sub: Communication to Shareholders- Deduction of Tax at Source on dividend under relevant sections of the Income Tax Act, 1961

Ref. Dividend for the Financial Year ending 2022-23.

Dear Sir / Madam,

Pursuant to the Finance Act, 2020 with effect from April 01, 2020, the Dividend Distribution Tax is abolished and dividend income is taxable in the hands of the Shareholders.

In this regard, please find attached a communication which has been sent to all the shareholders on June 27, 2023 (Tuesday), explaining the process on withholding tax from dividend paid to the Shareholders at prescribed rates.

We request you to kindly take the above information on record.

Thanking you,

Sincerely yours,  
For PUNJAB CHEMICALS AND  
CROP PROTECTION LIMITED

RISHU CHATLEY  
COMPANY SECRETARY  
& COMPLIANCE OFFICER  
(ACS 19932)

Encl: as above



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Date: 27.06.2023

## Sub: Communication in respect of Deduction of Tax at Source on Dividend

Dear Shareholder(s),

Trust you and your family are safe and in good health.

We are pleased to inform you that the Board of Directors of Punjab Chemicals and Crop Protection Limited ("the Company"), at its meeting held on May 4, 2023, has recommended dividend at the rate of Rs.3/- (30%) per equity share of Rs.10/- each on paid up equity share capital for the financial year 2022-23. The payment of dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company.

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 April 01, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the prescribed rates at the time of making the payment of said dividend.

This communication provides a brief of 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 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. Total dividend amount to be received by them during the Financial Year 2022-23 does not exceed Rs. 5,000/-; or
- ii. The shareholder provides Form 15G (applicable to individual or a person (not being a company or firm)) / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Company may at its sole discretion reject the form if it does not fulfil the requirement of law. Formats of Form 15G and 15H are enclosed as [Annexure-1](#) and [Annexure-2](#), respectively.
- iii. Exemption certificate u/s 197 is obtained from the Income-tax Department, if any.

#### Note:

1. **Recording of the Permanent Account Number (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.**

2. **Shareholders are requested to ensure 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%.**
3. **Shareholders shall submit fresh form 15G/15H for dividend to be received during the year 2023-24.**

**b. Resident Non-Individuals:**

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as per the format attached in [Annexure-3](#)

- 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 ordinary 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. **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.
  - v. **Other Non-Individual shareholders:** Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.
- c. In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Income-tax Act, 1961, 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 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 (other than Specified Funds).
- b. TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) in case of Foreign Institutional Investors as per the provisions of Sec. 196D(1) of the Act.
- c. TDS is required to be deducted at the rate of 10% (plus applicable surcharge and cess) in case of Specified Funds referred u/s 10(4D)(c) in terms of Sec. 196D and in case of GDR holders in terms of Sec. 196C of the Act.
- d. In case, non-resident shareholders provide a certificate issued 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.

- e. 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 (DTAA) read with Multilateral Instrument ('MLI'), if applicable 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 are required to provide the following:
- i. 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 (a) name, (b) email id, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country (format attached herewith as [Annexure-4](#)).
  - ii. Self-attested copy of Tax Residency Certificate (TRC) (for the period April 2023 to March 2024) obtained from the tax authorities of the country of which the shareholder is a resident.
  - iii. Self-declaration in Form 10F (format attached herewith as [Annexure-5](#)).
  - iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement. (for the period April 2023 to March 2024) (format attached herewith as [Annexure-6](#)).
  - v. In case of Foreign Institutional Investors and Foreign Portfolio Investors copy of SEBI registration certificate.
  - vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non- applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

It is recommended that shareholders should independently satisfy its eligibility to claim DTAA benefit read with MLI, if applicable including meeting of all conditions laid down by 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 read with MLI, if applicable 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 17, 2023 (cut off period)** Any documents submitted after cut-off period will be accepted at sole discretion of the Company.

### **III. 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 July 1, 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 rates or rates in force; or
- iii. At the rate of 5%

The 'specified person' means a person who has:

- a. not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- b. subjected to tax deduction/collection at source in aggregate amounting to Rs. 50,000 or more in each of such two immediate previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

## **PAYMENT OF DIVIDEND**

The dividend on Equity Shares for FY 2022-23, will be paid after deducting the tax at source as under:

### **A. FOR RESIDENT SHAREHOLDERS:**

- Nil withholding in case the total dividend paid is up to Rs. 5,000/-.
- Nil withholding for resident shareholders in case Form 15G / Form 15H (as applicable) is submitted along with self-attested copy of the PAN linked to Aadhar. *Please note that the duly filled up forms submitted through your registered email ID will be accepted.*
- NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act.
- 10% for resident shareholders in case PAN is provided / available.

**20% for resident shareholders in case PAN is not provided / not available/ PAN-Aadhar linking not done/ non-filers of Return of Income.**

### **B. FOR NON-RESIDENT SHAREHOLDERS:**

- Beneficial tax treaty rate (based on tax treaty with India read with MLI, if applicable) for non-resident shareholders, as applicable will be applied on the basis of documents submitted by the non-resident shareholders.
- NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act.
- 20% plus applicable surcharge and cess for shareholders being foreign institutional investors in accordance with provisions of Section 196D(1) of the Act.
- 10% plus applicable surcharge and cess for GDR holders if they provide self-attested copy of the PAN card in accordance with provisions of Section 196C of the Act.
- 10% (plus applicable surcharge and cess) in case of Specified Funds referred u/s 10(4D)(c) of the Act. 20% plus applicable surcharge and cess for non-resident shareholders in case the above mentioned documents are not submitted.
- Higher rate as discussed in point III above in case of non-filers of Return of Income, as applicable.

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

Shareholders holding Ordinary 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.

It is further clarified that in cases where shareholders hold both, Fully Paid up Ordinary Shares and Partly paid-up Ordinary Shares of the Company, the total dividend amount will be clubbed on the basis of the PAN of the Shareholder and tax as applicable will be deducted.

## SUBMISSION OF TAX RELATED DOCUMENTS:

Resident Shareholders	Non Resident Shareholders
The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, etc. should reach us <b>on or before July 17, 2023</b> to enable the Company to determine the appropriate TDS / withholding tax rate applicable.	The documents should reach us <b>on or before July 17, 2023</b> in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. 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.
Any communication on the tax determination/deduction received post <b>July 17, 2023</b> shall not be considered.	
Shareholders are requested to send the scanned copies of the documents mentioned above at the email ids mentioned below: Email: <a href="mailto:info@alankit.com">info@alankit.com</a> or <a href="mailto:investorhelp@punjabchemicals.com">investorhelp@punjabchemicals.com</a>	

## UPDATION OF BANK ACCOUNT DETAILS:

Shareholders are requested to ensure that their bank account details in their respective demat accounts are updated, to enable the Company to make timely credit of dividend in their bank accounts. We seek your cooperation in this regard.

*In terms of Rule 37BA of Income Tax Rules 1962 if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then deductee should file declaration with Company in manner prescribed by Rules.*

Thank you,

With warm regards,

**For Punjab Chemicals and  
Crop Protection Limited**

sd/-

**Rishu Chatley  
Company Secretary and  
Compliance Officer  
ACS-19932**