



**Novartis India Limited**  
Registered Office:  
Inspire BKC  
Part of 601 & 701  
Bandra Kurla Complex  
Bandra (East)  
Mumbai – 400 051  
Maharashtra, India  
Tel +91 22 50243000  
Fax +91 22 50243010  
Email: india.investors@novartis.com  
CIN No: L24200MH1947PLC006104  
Website: www.novartis.in

June 30, 2022

The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

Scrip Code: 500672

Dear Sir/ Madam,

**Sub.: Communication to Members of the Company-Intimation on tax deduction on Dividend**

Pursuant to the Finance Act, 2020, with effect from April 1, 2020, Dividend Distribution Tax has been abolished and dividend income is taxable in the hands of the members.

In this regard, please find enclosed herewith specimen copy of e-mail communication sent to all the members of the Company along with requisite links of enclosures whose e-mail IDs are registered with the Company/ Depositories explaining the process on withholding tax from dividend to be paid to the members, if declared at the Annual General Meeting, at the prescribed rates.

This communication is also being made available on the website of the Company at [www.novartis.in](http://www.novartis.in)

This is for your information and records.

Thanking you

Yours Sincerely,

For **Novartis India Limited**

**Nikhil Malpani**  
**Company Secretary and Compliance Officer**

Encl: as above

**From:** [novartisindia.update@linkintime.co.in](mailto:novartisindia.update@linkintime.co.in) <[novartisindia.update@linkintime.co.in](mailto:novartisindia.update@linkintime.co.in)>

**Sent:** Wednesday, June 29, 2022 15:05

**To:** [REDACTED]

**Subject:** Novartis India Limited - Communication of final dividend and deduction of tax at source on Dividend



**Novartis India Limited**

**Corporate Identity Number (CIN):** L24200MH1947PLC006104

**Regd. Office:** Inspire BKC part of 601 & 701 Bandra Kurla Complex, Bandra(East), Mumbai-400051,  
Maharashtra, India

**Tel:** +91 22 50243000, **Fax:** +91 22 50243010

**Email:** [india.investors@novartis.com](mailto:india.investors@novartis.com); **Website:** [www.novartis.in](http://www.novartis.in)

Dear Member,

**Sub: Communication of final dividend and deduction of tax at source on Dividend**

We are pleased to inform you that, Board of Directors of your Company at its Meeting held on May 19, 2022, recommended payment of final dividend of Rs. 10 per equity share (Rupees Ten Only) Rs. 5 each (Rupees Five Only) (face value) for the year ended March 31, 2022. The final dividend will be paid to the members of the Company after declaration of dividend at the Annual General Meeting of the Company scheduled to be held on July 29, 2022.

The Register of Members and Share Transfer Books will remain closed from July 22, 2022 to July 29, 2022 (both days inclusive) for determining the eligibility of members for payment of final dividend. Payment of dividend, if approved at the Annual General Meeting, will be made to those members whose names will be on the Company's Register of Members as on the date of book closure and to those whose names will appear as Beneficial Owners as at the close of the business hours on July 21, 2022 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Pursuant to the General Circular No. 20/2020 dated May 05, 2020 issued by Ministry of Corporate Affairs, the dividend will be paid electronically in the Members bank accounts. The Company will keep on hold cheques/dividend warrants/demand drafts of the members who have not registered their bank details with the Company. The members holding shares in demat form are advised to keep the bank details updated with their depository participants. Member holding shares in certificate form and who have not updated their bank accounts details are requested to update bank details with the Company's Registrar and Transfer Agents after following the process available on link [https://linkintime.co.in/emailreg/email\\_register.html](https://linkintime.co.in/emailreg/email_register.html)

In accordance with the provisions of the Income Tax Act, 1961 ('the Act') as amended by and read with the provisions of the Finance Act, 2020, with effect from April 01, 2020, dividend declared and paid by the Company is taxable in the hands of its members and the Company is required to deduct tax at source (TDS) from dividend paid to the members at the applicable rates.

This communication summarizes the applicable TDS provisions in accordance with the provisions of the Act, for various categories, including Resident or Non-Resident members.

**For Resident Members:**

1. No TDS shall be deducted in the case of resident individual members, if the amount of such dividend in aggregate paid or likely to be paid during the financial year 2022-23 does not exceed Rs. 5,000 per annum.
2. Where, the Permanent Account Number (PAN) of the resident individual member is available and valid,
  - a. TDS shall be deducted at the rate of 10% on the amount of dividend payable.
  - b. In cases where the resident individual member provides the duly signed Form 15G or Form 15H (as applicable) and provided that the eligibility conditions are being met, no TDS shall be deducted. The format of Form 15G and Form 15H are linked to **Enclosures 1 and 2** respectively below.
3. Where the PAN is either not available or is invalid, TDS shall be deducted at a rate of 20%.
4. Further, effective July 1, 2021, Finance Act, 2021 has inserted Section 206AB of the Act for non-filers of income-tax return providing, that where TDS is required to be deducted under Chapter XVIIIB (other than Sections 192,192A, 194B, 194BB, 194LBC or 194N) on any sum or income or amount paid, or payable or credited, by a person to a specified person, the tax shall be deducted at the higher of the below rates:-
  - a. at twice the rate specified in the relevant provision of the Act; or
  - b. at twice the rate or rates in force; or
  - c. at the rate of 5%.

Further, sub section (2) of Section 206AB of the Act provides that if the specified person has not submitted the PAN and he has not filed the income tax return, the tax shall be deducted at the rate applicable as per section 206AB of the Act (as described above) or 20% whichever is higher.

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

- a. A person who has not filed the income tax return for the last previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under Section 139(1) of the Act has expired; and
  - b. The aggregate of TDS and Tax Collected at Source ('TCS') in his case is Rs. 50,000 or more in the previous year.
5. In order to help the Company to comply with the relevant provisions of the Act, the following resident non-individual members are requested to provide a self-declaration as listed below:
- i. **Insurance companies:** A declaration that they are beneficial owners of shares held
  - ii. **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested)

- iii. **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI Regulations along with copy of registration documents (self-attested)
- iv. **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

**For Non-Resident Members:**

1. TDS shall be deducted/withheld at the rate of 20% (plus applicable surcharge and, health and education cess) on the amount of dividend payable.
2. Non-resident member may have an option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the member, if such DTAA provisions are more beneficial to them. To avail the DTAA benefits, the non-resident member should furnish the following documents
  - a. Self-attested copy of Permanent Account Number (PAN) if allotted to you, by the Indian Income Tax Authorities. If PAN is not allotted to you, please provide your email address, contact number and address in the country of residence
  - b. Self-attested Tax Residency Certificate (TRC) issued by the competent authority or tax authority of the country of your residency, evidencing and certifying your tax residency status in the country of residency during the financial year 2021-22
  - c. Completed and duly signed Form 10F in the format linked to **Enclosure 3** below
  - d. Self-declaration in the format linked to **Enclosure 4** below, certifying that
    - i) You are and continue to remain a tax resident of the country of your residency during the financial year 2022-23;
    - ii) You are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
    - iii) You have no reason to believe that your claim for the benefits of the DTAA is impaired in any manner;
    - iv) You are the ultimate beneficial owner of your shareholding in the Company and dividend receivable from the Company; and
    - v) You do not have a taxable presence or a permanent establishment in India during the financial year 2022-23.
3. For Foreign Portfolio Investor's & Foreign Institutional Investors's
  - a) Section 196D (1) in case of Foreign Portfolio Investor's and Foreign Institutional Investors - @ 20% plus applicable surcharge and cess.
  - b) Section 196D (1A) in case of specified fund referred to in clause (c) of the Explanation to clause(4D) of Section 10 of the Act - @ 10% plus applicable surcharge and cess.
4. The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident member.
5. For any non-resident member who has a Permanent establishment in India, the provisions of section 206AB of the Act (covered above) will apply.

In accordance with the provisions of the Income Tax Act, 1961 ('the Act') as amended by and read with the provisions of the Finance Act, 2020, with effect from April 01, 2020, dividend declared and paid by the Company is taxable in the hands of its members and the Company is required to deduct tax at source (TDS) from dividend paid to the members at the applicable rates.

This communication summarizes the applicable TDS provisions in accordance with the provisions of the Act, for various categories, including Resident or Non-Resident members.

**For Resident Members:**

1. No TDS shall be deducted in the case of resident individual members, if the amount of such dividend in aggregate paid or likely to be paid during the financial year 2022-23 does not exceed Rs. 5,000 per annum.
2. Where, the Permanent Account Number (PAN) of the resident individual member is available and valid,
  - a. TDS shall be deducted at the rate of 10% on the amount of dividend payable.
  - b. In cases where the resident individual member provides the duly signed Form 15G or Form 15H (as applicable) and provided that the eligibility conditions are being met, no TDS shall be deducted. The format of Form 15G and Form 15H are linked to **Enclosures 1 and 2** respectively below.
3. Where the PAN is either not available or is invalid, TDS shall be deducted at a rate of 20%.
4. Further, effective July 1, 2021, Finance Act, 2021 has inserted Section 206AB of the Act for non-filers of income-tax return providing, that where TDS is required to be deducted under Chapter XVIIIB (other than Sections 192,192A, 194B, 194BB, 194LBC or 194N) on any sum or income or amount paid, or payable or credited, by a person to a specified person, the tax shall be deducted at the higher of the below rates:-
  - a. at twice the rate specified in the relevant provision of the Act; or
  - b. at twice the rate or rates in force; or
  - c. at the rate of 5%.

Further, sub section (2) of Section 206AB of the Act provides that if the specified person has not submitted the PAN and he has not filed the income tax return, the tax shall be deducted at the rate applicable as per section 206AB of the Act (as described above) or 20% whichever is higher.

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

- a. A person who has not filed the income tax return for the last previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under Section 139(1) of the Act has expired; and
  - b. The aggregate of TDS and Tax Collected at Source ('TCS') in his case is Rs. 50,000 or more in the previous year.
5. In order to help the Company to comply with the relevant provisions of the Act, the following resident non-individual members are requested to provide a self-declaration as listed below:
- i. **Insurance companies:** A declaration that they are beneficial owners of shares held
  - ii. **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested)

**For all Members:**

Members 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.

In view of the prevailing COVID 19 situation, only scanned copies of the aforementioned documents will be accepted by the Company as per the laid down process. The documents (duly completed and signed) are required to be submitted to the Registrars and Share Transfer Agents of the Company - Link Intime India Private Limited by uploading the documents on the link <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before Sunday, July 17, 2022, 11:59 pm IST in order to enable the Company to determine and deduct appropriate TDS / withholding tax. Should you have any query or any difficulty in uploading the documents, you may please write to [novartisdivtax@linkintime.co.in](mailto:novartisdivtax@linkintime.co.in)

On clicking the above link, the user will be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

No communication on the tax determination/ deduction shall be entertained post 12:00 am IST on Monday July 18, 2022. Any documents received through any other methods like email or hand delivery will not be considered to determine and deduct appropriate TDS / withholding tax.

Members may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt, or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per the Act and claim an appropriate refund, if eligible.

[Click here](#) for Enclosure 1

[Click here](#) for Enclosure 2

[Click here](#) for Enclosure 3

[Click here](#) for Enclosure 4

**Disclaimer:** *This Communication is not to be treated as an advice from the Company or its affiliates or Link Intime India Private Limited. Members should obtain the tax advice related to their tax matters from a tax professional.*

Yours Sincerely,

**For Novartis India Limited**

Sd/-

**Nikhil Malpani**

**Company Secretary and Compliance Officer**

**Note: This is a system generated e-mail. Please do not reply to this e-mail.**