

# Karnataka Bank Ltd.

Your Family Bank. Across India

Regd. & Head Office  
P. B. No.599, Mahaveera Circle  
Kankanady  
Mangaluru – 575 002

Phone : 0824-2228222  
E-Mail : investor.grievance@ktkbank.com  
Website : <https://karnatakabank.com>  
CIN : L85110KA1924PLC001128

## SECRETARIAL DEPARTMENT

17.08.2021

HO: SEC:97:2021-22

1. The Manager

Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G  
Bandra-Kurla Complex, Bandra (E)  
MUMBAI-400 051  
Scrip Code: KTKBANK

2. The General Manager

**BSE Limited**  
Corporate Relationship Dept  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI-400 001  
Scrip Code: 532652

Dear Sir,

Reg: Communication to the shareholders on Deduction of tax at source(TDS) on Dividend

In continuation to our letter HO:SEC:86:2021-22 dated July 27, 2021 wherein recommendation of dividend by the Board of Directors at ₹1.80 per equity share of face value of Rs. 10/- each (18% on the paid up equity share capital) for the financial year ended March 31,2021 was intimated and a resolution to this effect will be placed for approval of the shareholders at the ensuing 97<sup>th</sup> Annual General Meeting (AGM) scheduled to be held on September 02, 2021.

Pursuant to the changes in the Income Tax Act, 1961 as amended by the Finance Act, 2020, the dividend income will be taxable in the hands of the shareholders and upon declaration of the dividend at the AGM, the Bank is required to deduct tax at source (TDS) at the prescribed rates at the time of making the payment of dividend to shareholders.

In this regard, detailed instructions have been provided in the Notice of 97<sup>th</sup> AGM enumerating the applicable TDS rates and procedure to be followed for submission of declaration/documentation claiming exemption from TDS or deduction of TDS at lower rates in the eligible categories. The detailed instructions are also enclosed herewith for ready reference of the shareholders. We request the shareholders to note the following details:

Last date & time for submission of the documents related to TDS.	<b>On or before August 25, 2021, 11.59 pm IST</b>
Weblink for submission of the documents.	<a href="https://www.integratedindia.in/ExemptionFormSubmission.aspx">https://www.integratedindia.in/ExemptionFormSubmission.aspx</a>

This is for your information and records.

Thank You,  
Yours faithfully,

  
Prasanna Patil  
COMPANY SECRETARY

## Extract of the Notice of 97th Annual General Meeting

6. This e-AGM is being held pursuant to the MCA Circulars referred to above through VC/OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
7. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the e-AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email from its registered email address to kbl\_scrutinizer@kktkbank.com with a copy marked to evoting@cddl.co.in.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank account details such as, name of the bank and branch, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Bank's R&TA- Integrated Registry Management Services Private Ltd No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleshwaram, Bengaluru-560003 (Tel no. 080-23460815/6/7) in case the shares are held by them in physical form.
9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Bank will be entitled to vote at the e-AGM.
10. Members attending the AGM through "VC"/"OAVM" shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
11. Members desiring any information with regard to the annual accounts or any matter to be placed at the AGM, are requested to write to the Bank on or before August 31, 2021 through email on investor.grievance@kktkbank.com.
12. Members may note that the Board, at its meeting held on May 26, 2021, has recommended a final dividend of ₹1.80 per share. The record date for the purpose of final dividend is **August 20, 2021**. The final dividend, once approved by the members in the ensuing AGM, will be paid electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants will be sent out to their registered addresses. To avoid delay in receiving dividend, members are requested to update their Bank account details including Re-KYC with their depositories (where shares are held in dematerialized mode) and with the Company's Registrar and Transfer Agent ("RTA") (where shares are held in physical mode) to receive dividend directly into their bank account on the payout date.
13. **TAX ON DIVIDEND:** Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company on or after April 1, 2020 shall be taxable in the hands of members. Upon declaration of dividend by the members at the AGM, the Bank shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of dividend. In such a case, the Dividend will be paid after deducting the tax at source as follows:

### Resident Shareholders:

It may be noted that tax would not be deducted at source on payment of dividend to a "**Resident Individual shareholder**", if the total dividend amount to be paid in a financial year does not exceed ₹5,000.

Tax to be deducted at source for FY 2021-22, wherever applicable, would be as under:

Particulars	Applicable Rate	Documents required (if any)
Shareholders having the PAN	10%	Update the PAN and the residential status as per Income Tax Act, 1961 if not already done, with the depositories (in case of shares held in demat mode) and with the Bank's Registrar and Transfer Agent (in case of shares held in physical mode).
	NIL	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), provided that all the required eligibility conditions are met, and a copy of PAN is furnished.

Particulars	Applicable Rate	Documents required (if any)
Shareholders not having PAN/ PAN is Invalid	20%	-
Shareholders submitting the Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority along with a copy of PAN.
Shareholders for whom Section 194 of the Act is not applicable	NIL	Declaration that it has full beneficial interest with respect to the shares owned by it along with PAN.
Shareholders, being Alternative Investment Funds (AIFs) (Category I & Category II)	NIL	A declaration that the AIFs are registered under SEBI as per SEBI Regulations.
Shareholders covered under Section 196 of the Act (e.g. Mutual Funds)	NIL	Certificate of registration u/s 10(23D) issued by the appropriate authority along with PAN, documentary evidence that the person is covered under said Section 196 of the Act.

The Resident Individual shareholders are requested to ensure that Aadhar Number is linked with PAN within the prescribed timelines. In case of failure to link, PAN shall be considered as inoperative / invalid and hence, tax at 20% shall be deducted in such cases.

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

The Finance Act, 2021, inter-alia, has been amended to include a new Section 206AB with effect from July 1, 2021. The provisions of said section require deduction of 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 Income Tax Act; or
- ii. At twice the rate(s) 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 ₹50,000 or more in each of such two immediate previous years.

In case Government provides any guidelines to comply with the provisions of section 206AB, Bank will deduct tax in accordance with said guidelines. Tax deducted in accordance with said guidelines will be final and the Bank shall not refund/adjust said amount subsequently. The Bank might also seek necessary declarations from such shareholders to comply with the provisions of this section. A non-resident who does not have a permanent establishment is excluded from the scope of a specified person. As such a non-resident is required to submit a 'no permanent establishment' declaration to be excluded from the scope of a specified person.

#### **Non-Resident Shareholders:**

As per Section 90 of the Income Tax Act, the non-resident shareholder has the option of being 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.

Please refer to the below table for details of documents to avail Tax Treaty benefits.

<b>Particulars</b>	<b>Applicable Rate</b>	<b>Documents required (if any)</b>
Shareholders, being Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) as per Section 196D of Income Tax Act, 1961  <b>OR</b> Tax Treaty Rate (whichever is lower)	a) Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities. b) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident, valid for FY 21-22. c) Self-declaration in Form 10F. d) Self-declaration by the non-resident shareholder about having no Permanent Establishment in India in accordance with the applicable Tax Treaty. e) Self-declaration of Beneficial ownership by the non-resident shareholder.
Other Non-resident shareholders	20% (plus applicable surcharge and cess)  <b>OR</b> Tax Treaty Rate (whichever is lower)	a) Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities. b) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident, valid for FY 21-22. c) Self-declaration in Form 10F. d) Self-declaration by the non-resident shareholder about having no Permanent Establishment in India in accordance with the applicable Tax Treaty. e) Self-declaration of Beneficial ownership by the non-resident shareholder.
Shareholders submitting the Order under Section 197 of the Income Tax Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority.

In case, PAN is not available, the non-resident shareholder (other than a company) shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country.

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

Kindly note that the Bank 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 Bank of the documents submitted by the non-resident shareholder.

Soft copies of following documents may be downloaded from the link <https://www.integratedindia.in/ExemptionFormSubmission.aspx>

- (1) Form 15G.
- (2) Form 15H.
- (3) Form 10F.
- (4) Declaration from residents.
- (5) Declaration from non-residents.
- (6) Declaration under Rule 37BC from non-residents (other than companies) not having PAN.

Duly filled and signed aforesaid documents, as applicable, should be uploaded at the website of RTA at <https://www.integratedindia.in/ExemptionFormSubmission.aspx> on or before **August 25, 2021, 11.59 PM (IST)**, to enable the Bank to determine the appropriate TDS/withholding tax rate applicable.

No communication on the tax determination/deduction received post the aforesaid date and time shall be considered for payment of Dividend.

**No other mode of submission of the documents would be entertained and the same needs to be uploaded only on the website of the RTA at the weblink said above. If the documents are submitted to any other email id or through post etc., no claim shall lie against the Bank or the RTA.**

Similarly, if the tax on said Dividend is deducted at a higher rate due to non-receipt of or satisfactory completeness of the afore-mentioned details/documents as said above the shareholder may claim an appropriate refund in the return of income filed with their respective tax authorities and **no claim shall lie against the Bank for such taxes deducted.**

**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.

**Beneficial Interest:**

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 Bank in the manner prescribed by Rules.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder(s), such Shareholder(s) will be responsible to indemnify the Bank and also, provide the Bank with all information/documents and co-operation in any appellate proceedings.

**Updation of bank account details:**

The shareholders are requested to ensure that their bank account details in their respective demat accounts/folios are updated, to enable the Company to make timely credit of dividend to their bank accounts.

14. The members may write to [irg@integratedindia.in](mailto:irg@integratedindia.in) for any clarifications on this subject (please write in the subject matter as "KBL Dividend TDS" for easy identification and prompt redressal).
15. Members are requested to note that, dividend remaining unclaimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Bank, is liable for transfer to the Investor Education and Protection Fund ("IEPF") along with the related shares. In view of this, Members are requested to claim their unpaid dividends, if any, from the Bank, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to corporate governance report of the Directors Report.
16. Since the AGM will be held through "VC"/"OAVM", the Route Map is not annexed in this Notice.
17. Article 74A of the Articles of Association of the Bank states that any suit by a member or members relating to any Annual General Meeting or Extraordinary General Meeting of the Bank or any meeting of its Board of Directors or a Committee of Directors or to any item of business on the agenda of any such meeting shall be subject to the exclusive jurisdiction of courts in Mangaluru city.
18. **Instructions for remote e-voting, venue voting and joining the AGM are provided at the end of the Notice of AGM.**