

August 13, 2021

BSE Ltd. Corporate Relationship Department 1st Floor New Trading Rotunda Building, P J Towers Dalal Street Fort, Mumbai-400001	National Stock Exchange of India Ltd. Listing Department, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051
Scrip Code – 530517	Scrip Code – RELAXO

Sub: Communication to Shareholders - Intimation on Tax Deduction on Dividend

Dear Sir,

Pursuant to the Finance Act, 2020, Dividend Distribution Tax is abolished and Income by way of Dividend is taxable in the hands of the Shareholders of the Company.

In this regard, please find enclosed herewith an email communication which has been sent to all the Shareholders whose email addresses are registered with the Company /Depositories explaining the process and documentation required for withholding tax from dividends paid to the shareholders at prescribed rates.

The same is for your information and record.

Thanking You,
Yours Sincerely,

For **Relaxo Footwears Limited**,


Vikas Kumar Tak
Company Secretary and Compliance Officer
Membership No.: FCS 6618

Encl : as above

RELAXO FOOTWEARS LIMITED

Registered Office: Aggarwal City Square, Plot No. 10, Manglam Place,
District Centre, Sector-3, Rohini, Delhi-110085. Phones: 46800 600, 46800 700
Fax: 46800 692 E-mail: rfl@relaxofootwear.com
CIN L74899DL1984PLC019097





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CIN No:- L74899DL1984PLC019097

Registered Office: Aggarwal City Square, Plot no 10, Manglam Place,
District Centre, Sector-3, Rohini Delhi- 110085

Phones: 91-11-46800500, 46800600, Fax No: 91-11-46800692

E-mail: rfl@relaxofootwear.com, Website: <http://www.relaxofootwear.com>

Date: Aug 12, 2021

Ref: Folio / DP Id & Client Id No:

Name of the Shareholder :

Subject: Relaxo Footwears Limited ("RNE" / "the Company") - Dividend for the Financial Year ("FY") 2020-21 - Communication on Deduction of tax at source

Dear Member,

We hope that you and your family are doing well and are safe and healthy. Please take care of yourselves.

We wish to inform you that the Board of Directors ("Board") of the Company has, in its meeting held on 20th May 2021, recommended a dividend @250% equivalent to Rs. 2.50/- per equity share having nominal value of Rs.1/- each for the FY ended on 31st March 2021.

The dividend, if approved at the ensuing Annual General Meeting, will be paid to the Members holding equity shares in electronic form as at the close of business hours on Saturday, 19th August, 2021 on the basis of details of beneficial ownership furnished by the Depositories and to the Members holding shares in physical form whose names appear in the Register of Members as at the close of business hours on Friday, the 19th August, 2021 after giving effect to valid requests received for transmission/transposition of shares on or before Saturday, 19th August, 2021.

As you may be aware that in terms of the provisions of the Income-tax Act, 1961 ("the Act"), as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1st April 2020 is taxable in the hands of the members. The Company is therefore required to deduct tax at source ("TDS") at the time of payment of dividend.

Details regarding such deduction are given hereunder.

Please also note that the TDS would vary depending on the residential status, category of the member, compliant / non-compliant status on the basis of filing of income tax return of the preceding two years, as per Section 206AB of the Act and is subject to provision of requisite declarations / documents to the Company.

Provisions related to TDS and documents required

You are requested to take note of the below stated tax rates and document(s), if any, required to be submitted to the Company for your respective category on or before 19th August, 2021, in order to comply with the applicable TDS provisions.

For resident members:

TDS under Section 194 of the Act @ 10% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during FY 2021-22 does not exceed Rs. 5,000/-.

TDS will not be deducted in cases where a member 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), provided that the eligibility conditions are being met. Blank Form 15G and 15H can also be downloaded from the link given at the end of this communication. Please note that all fields mentioned in the Form are mandatory and the Company may reject the forms submitted, if it does not fulfil the requirement of the law.

In case of members who have provided a valid certificate issued under Section 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the Income Tax Authority, the rates mentioned in such certificate shall be considered for deduction of tax.

In order to avail exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

- **Insurance companies:** A declaration that they are the beneficial owners of shares held and copy of registration certificate (self-attested) to the effect that no TDS is required as per provisions of Section 194 of the Act.
- **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).
- **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. Copy of registration documents (self-attested) should be provided.
- **Other Members who are exempted from tax deduction:** Documentary evidence for members who are exempted from deduction of tax under Section 194 of the Act, and categories covered under Section 196 of the Act.
- **Any other entity exempt from TDS under the provisions of Section 197A of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT):** Self-declaration along with adequate documentary evidence, substantiating the nature of the entity.

Refer [Annexure 1](#) and [Annexure 2](#) - As applicable

In absence of PAN / valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.

Further, it may be noted that the above tax rates will be subject to provisions of Section 206AB of the Act, as mentioned below.

For

non-resident

members:

Tax is required to be withheld in accordance with the provisions of Section 195 of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident member has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the member, if they are more beneficial to the member. For this purpose, i.e. to avail DTAA benefits, the non-resident member will have to provide the following:

1. Self-attested copy of PAN Card, if any, allotted by the Indian Income Tax Authorities;
2. Self-attested copy of Tax Residency Certificate ("**TRC**") obtained from the Tax Authorities of the country of which the member is resident for FY 2021-22 i.e. covering the period from 01 April 2021 to 31 March 2022;
3. Self-declaration in Form 10F for FY 2021-22 i.e. covering the period from 01st April 2021 to 31st March 2022, if all the details required in this form are not mentioned in the TRC (Refer [Annexure 3](#));
4. Self-declaration by the non-resident member of having no permanent establishment / Fixed base or Place of Business / Business Connection / Place of Effective Management, in India in accordance with the applicable DTAA (pertaining to FY 2021-22) (Refer [Annexure 4](#)) (Non-resident having PE in India would need to comply with the provisions of section 206AB of the IT Act;
5. Self-declaration of beneficial ownership by the non-resident member (pertaining to FY 2021-22) (Refer [Annexure 4](#));
6. Any other documents prescribed under the Act for lower or nil with-holding tax, if applicable.

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.

In case of Non-Resident member who are tax residents of Notified Jurisdictional Area as defined under Section 94A(1) of the Act, TDS rate of 30% will be applicable.

In case of Non-resident members who are Alternative Investment Fund - Category III located in International Financial Services Centre, taxes shall be withheld at 10% plus applicable surcharge and cess in accordance with the provisions of Section 196D of the Act, subject to furnishing of a self-declaration as per [Annexure 5](#).

In case the members are covered under Section 10(23FE) of the Act, no tax shall be deducted where the member submits copy of the notification issued by CBDT substantiating the applicability of Section 10(23FE) of the Act issued by the Government of India along with self-declaration that the conditions specified in section 10(23FE) of the Act have been complied with. (Refer [Annexure 6](#) or [Annexure 7](#) or [Annexure 8](#), as applicable).

In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess or DTAA rate whichever is beneficial in accordance with the provisions of Section 196D of the Act provided such FII/ FPI provides PAN, Self-Declaration in [Annexure 9](#) and self-attested copy of SEBI registration certificate, in addition to the documents mentioned at (i) to (vi) above.

In case of Non-Resident members obtaining lower/ nil tax deduction certificate issued by Income Tax

Department under Section 195 or Section 197 of the Act, TDS will be applied as per the rate specified in lower/nil tax withholding certificate obtained from Income Tax Department.

It may be noted that where a non-resident member is reflected as a "**specified person**" as per the Compliance Check Functionality of the Income Tax Department, the taxes will be withheld at a higher rate in accordance with Section 206AB, as mentioned below unless a self-declaration, as mentioned at point no. (iv) above is provided by such non-resident member.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than 19th August, 2021.

To summarize, Dividend will be paid after deducting the tax at source as under:

- NIL for resident members receiving dividend upto Rs.5,000/- or in case Form 15G / Form15H (as applicable)
- 10% for resident members in case PAN is provided/available
- 20% for resident members, if PAN is not provided / not available / is invalid
- 20% plus applicable surcharge and cess for non-resident members(except those who are tax residents of Notified Jurisdictional Area as defined under Section 94A of the Act)
- 20% plus applicable surcharge and cess or DTAA rate whichever is beneficial in case of Non-residents including FII / FPIs where the non-resident gives PAN, self-declarations outlined above
- 30% for non-resident members who are tax residents of Notified Jurisdictional Areas as defined under Section 94A of the Act.
- Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Act
- 10% plus applicable surcharge and cess who are Alternative Investment Fund - Category III located in International Financial Services Centre in accordance with provisions of Section 196D of the Act.
- NIL TDS where the member submits a copy of the notification issued by CBDT substantiating the applicability of Section 10(23FE) of the Act along with self-declaration that the conditions specified in Section 10(23FE) of the Act have been complied with.

It may be noted that the above rates will be subject to provisions of Section 206AB of the Act, as mentioned below.

Provisions applicable for all category of members-

1. Members holding shares under multiple accounts under different residential status/ member category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category, will be considered on their entire shareholding which is held under different accounts.
2. Determination of tax rate is subject to necessary verification by the Company of the details of the member as available with the Company / RTA as on the record date. In this respect, the Company reserves the right to independently verify the PAN number of the member from the utility of National Securities Depository Ltd. ('NSDL') and if the same is found contrary to the

PAN quoted/ provided, the Company will disregard the PAN and proceed as per the prevalent law.

3. Further, after receipt of any of the above declarations, if the Company on the basis of its independent assessment, finds any information that is contrary to the declarations received by it, the Company reserves right to rely on the results of its independent assessment and make a deduction of taxes at a higher rate as per applicable provisions of the Act.
4. In case, the dividend income is assessable to tax in the hands of a person other than the registered members on the 19th August, 2021, the registered member is required to furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given and reasons for giving credit to such person. In this regard, a declaration must be filed with the Company where the whole or any part of the dividend income is assessable, under the provisions of the Act, in the hands of a person other than the member in accordance with Rule 37BA(2) of the Income-tax Rules, 1962. The declaration must consist of name, address, PAN, along with other documents mentioned above depending upon the tax residency status of such person to whom credit is to be given and proportion of credit to be given in respect of dividend income. In case such details are furnished to the Company after 19th August, 2021, the Company shall reject such documents/communication.
5. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the members (s), such member(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.
6. Kindly note that the aforementioned documents should be uploaded with KFin Technologies Private Limited, the Registrar and Transfer Agent ("KFin") at <https://ris.kfintech.com/form15> . No communication on the tax determination / deduction shall be entertained after 19th August, 2021.
7. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.
8. The Company will send out the email with a soft copy of the TDS certificate at the members' registered Email ID in due course, post payment of the Dividend. Members will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>
9. Above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. This communication shall not be treated as an advice from the Company or its affiliates or its Registrar and Share Transfer Agent. Members should obtain the tax advice related to their tax matters from a tax professional.
10. **Updation of PAN, email address and other details**

Members 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. Members holding shares in physical mode are requested to furnish details to the Company's Registrar and Share Transfer Agent i.e. KFin Technologies Private Limited. The Company is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return.

11. Updation of Bank account:

We request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a scanned copy of a covering letter, duly signed by the first member, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with KFin. This will facilitate receipt of dividend directly into your bank accounts. In case the cancelled cheque leaf does not bear the members name, please attach a copy of the bank pass-book statement, duly self-attested. We also request you to register your email IDs and mobile numbers with the Company or the RTA at the above mentioned emails.

12. Introduction of Section 206AB applicable to all members (resident and non-resident)

Effective from 1st July 2021, Finance Act, 2021 has inserted Section 206AB of the Act as a special provision for TDS in respect of non-filers of income-tax return whereby tax has to be deducted at twice the rate specified in the relevant provision of the Act.

Section 206AB(1) of the Act provides 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:-

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

Further, sub section (2) of section 206AB provides that where sections 206AA and 206AB are applicable, i.e. the specified person has not submitted the PAN as well as not filed the income tax return (and the TDS/TCS for both the years exceeds INR 50,000); the tax shall be deducted at the higher rate between both the said sections.

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

- A person who has not filed the income tax return for two previous years 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
- The aggregate of TDS and TCS in his case is Rs. 50,000 or more in each of these two previous years.

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

The Income Tax Department has also released a Compliance Check Functionality to determine whether a payee is a specified person under section 206AB of the Act and the Company would be relying on the report generated from the said facility for compliance with section 206AB of the Act.

We seek your co-operation in the matter.

Thanking you,

Yours faithfully,
For **Relaxo Footwears Limited**

Sd/-

Vikas Kumar Tak
Company Secretary & Compliance Officer

[Click Here](#) to download - 15G

[Click Here](#) to download - 15H

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, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.

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