

HDFC BANK LIMITED

Registered Office: HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013

CIN: L65920MH1994PLC080618 **Website:** www.hdfcbank.com

Date: May 13, 2024

Dear Shareholder,

Subject: Deduction of tax at source on dividend

We hope that you and your family are safe and healthy.

We wish to inform you that the Board of Directors of your Bank ("Board"), at its meeting held on April 20, 2024, has recommended a dividend of Rs. 19.50 per equity share of the Bank of face value of Re. 1/- each, for the financial year ended March 31, 2024, subject to the approval of the shareholders of the Bank at its ensuing Annual General Meeting.

The dividend, as recommended by the Board and if approved at the ensuing Annual General Meeting to be held in 2024, will be paid to shareholders holding equity shares of the Bank, either in electronic or in physical form as on the record date, i.e. May 10, 2024.

In terms of the provisions of the Income-tax Act, 1961, ("the Act"), dividend paid or distributed by a Company on or after April 1, 2020 is taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend. The deduction of tax at source will be based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

For resident shareholders

Tax will be deducted at source ("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 resident shareholders, TDS would not apply if the aggregate of total dividend distributed/paid to them by the Company during a financial year does not exceed Rs.5,000/-.

Tax will not be deducted at source in cases where a shareholder provides Form 15G (applicable to all individuals) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are satisfied. Blank Form 15G and 15H can 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 Bank may reject the forms submitted, if they do not fulfil the requirement of the law.**

NIL / lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (as per formats attached) as listed below:

- i. **Insurance companies:** Declaration that the provisions of Section 194 of the Act are not applicable to them along with self-attested copy of registration certificate and PAN card;
- ii. **Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption under section 10(23D) of the Income- tax Act, 1961 along with self-attested copy of registration documents and PAN card;
- iii. **Alternative Investment Fund (AIF) established in India:** Declaration that the shareholder is eligible for exemption 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 self-attested registration documents and PAN card;
- iv. **New Pension System Trust:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- v. **Other shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- vi. Shareholders 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 authorities along with Declaration.

For non-resident shareholders (including Foreign Portfolio Investors)

Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D 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 shareholder 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 shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the Double Tax Avoidance Agreement (DTAA) benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of PAN card, if any, allotted by the Indian Income Tax Authorities;
- ii. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Electronically generated Form 10F from income tax portal;
- iv. Self-declaration (refer format) by the non-resident shareholder of meeting DTAA eligibility requirement and satisfying beneficial ownership requirement (Non-resident having PE in India would need to comply with provisions of section 206AB of the IT Act);
- v. In case of Foreign Portfolio Investors, self-attested copy of SEBI registration certificate;
- vi. In case of shareholder being tax resident of Singapore, along with the above (as may be applicable), 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).

The self-declarations referred to in point no. (iv) can be downloaded from the link given at the end of this communication.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Bank, of the documents submitted by non-resident shareholders and meeting requirement of the Act read with applicable DTAA. It must be ensured that self-declaration should be addressed to HDFC Bank and should be in the same format as attached. In the absence of the same, the Bank will not be obligated to apply the beneficial DTAA rate at the time of tax deduction on dividends. Form 10F in digital format is mandatory for non-resident shareholders having PAN in India or who are required to obtain PAN in India. Form 10F in any other format will not be considered for treaty benefit.

Higher rate of TDS

- In case, individual shareholders who do not have PAN / Invalid PAN/ PAN not linked with Aadhar / not registered their valid PAN details in their account, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.
- Where a shareholder is a "specified person" as per Section 206AB, TDS at the rate of 20% shall be deducted.

To summarise, dividend will be paid after deducting the tax at source as under:

- i. NIL for resident shareholders receiving dividend upto Rs. 5,000/- or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- ii. 10% for other resident shareholders in case copy of PAN card is provided / available.
- iii. 20% for resident shareholders if copy of PAN card is not provided / not available/not linked with Aadhar/ specified person as per Section 206AB.
- iv. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- v. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- vi. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under section 197 of the Act.

Aforesaid rates will be subject to applicability of section 206AB of the Act.

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 such deductee should file declaration with Bank in the manner prescribed by the Rules.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Bank for such taxes deducted.

Updation of 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 Bank's registrar and share transfer agent Datamatics Business Solutions Limited. The Bank 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.

Kindly note that the aforementioned documents should be uploaded before **May 25, 2024** with Datamatics Business Solutions Limited, the Registrar and Transfer Agent at <https://tdsforms.datamaticsbpm.com/>. You can also visit their site at <https://www.datamaticsbpm.com/> under tab – RTA -> quick links -> Submission of Tax Exemption Forms to download and upload the documents as applicable.

Update of Bank account details:

While on the subject, 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 you, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card duly self-attested. This will facilitate receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.

Further, as you may be aware that the Securities and Exchange Board of India (SEBI), vide its circular dated November 03, 2021 (subsequently amended by circulars dated December 14, 2021, March 16, 2023 and November 17, 2023) has mandated that the security holders holding shares in physical form are not updated their PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature, then dividend amount shall be paid only through electronic mode to such security-holders with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety.

We seek your co-operation in the matter.

Yours sincerely,
For **HDFC Bank Limited**
Sd/-
Santosh Haldankar
Company Secretary

[Click here to download – 15H](#)

[Click here to download – 15G](#)

[Click here to download – self declaration \(Non-resident shareholder\)](#)

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.