

As per the Income Tax Act, 1961 (“Act”), as amended by the Finance Act, 2020, dividend distribution tax has been abolished with effect from 1 April 2020. Accordingly, dividend income is taxable in the hands of the shareholders. The Company shall therefore deduct tax at source at the time of making payment of final dividend.

In the ensuing paragraphs, we have provided the applicable TDS rate for **Alternative Investment Fund (“AIF”) category – I/II** holding shares in the Company and the relevant documents as required by the Company to determine the TDS rate applicable to AIF.

**A. Withholding tax implications**

In general, taxes are required to be withheld at the rate of 10 percent on the dividend payable to resident shareholders, under the provisions of section 194 of the Act where PAN is provided.

However as per the provisions of section 197A(1F) read along with Notification 51/2015, there should not be any taxes withheld on payment made to Category I / II AIFs on incomes which are not in the nature of profit and gains from business. Category III AIFs are not entitled to WHT exemption and hence such AIF in category III must furnish the following Declaration confirming the following:

- *Aggregate amount of TDS and TCS is not more than INR 50,000 in each of FY 2018-19 and FY 2019-20; or*
- *Aggregate amount of TDS and TCS is INR 50,000 or more in each of FY 2018- 19 and FY 2019-20 and that the shareholder has filed the income-tax return for atleast one out of the two forementioned years i.e. FY 2018-19 and FY 2019-20.*

**B. Documents required**

If you wish to avail Nil TDS rate on the dividend pay-out, we request you to provide the following documents for verification:

- Certificate of Registration issued by SEBI valid for FY 2020-21; and
- Self-declaration that you are registered with Securities and Exchange Board of India as Category I/II AIF and that dividend income is not chargeable under 'Profit and gains of business or profession' and qualifies for exemption under section 10(23FBA) of the Act as per **Annexure 1**
- Self Declaration that Dividend income is not chargeable under 'profit and gains of business or profession' and qualifies for exemption under section 10(23FBA) of the Act; and – AIF is eligible for exemption from withholding taxes under the Act as specified in **Annexure 1**

Additionally,

- a) We request you to kindly verify the correctness of the PAN and update the same with your Depository Participant at the earliest.
- b) If the above documents are found in accordance with the provisions of the Act, the same shall be considered while deducting taxes by Company.
- c) In case you are holding shares under multiple accounts under different status / category and single PAN, you may note that, higher of the tax as applicable will be considered on your entire holding in different accounts.
- d) The documents as mentioned above and as mentioned in the separate communication are required to be uploaded on <https://www.integratedindia.in/ExemptionFormSubmission.aspx> on or before 17 September 2021 5:00 PM (IST) in order to enable the Company to determine and deduct appropriate TDS. Thereafter, no communication/documents on the tax determination/ deduction shall be considered by the Company and the TDS as appropriate basis information / documents available with the Company would be considered.

No claim shall lie against the Company for such taxes deducted.

The Company will arrange to email a soft copy of the TDS certificate at your registered email ID in due course, post payment of the said dividend. You will also be able to see the credit of TDS in Form 26AS, which can be downloaded from your e-filing account at <https://www.incometaxindiaefiling.gov.in/>.

*Disclaimer: This communication shall not be treated as an advice from the Company or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional.*

**Annexure 1**

Self - declaration for Alternative Investment Fund (Category I/ II)  
for the period April 1, 2020 to March 31, 2021  
**( to be taken on your letter-head)**

Date:

To,  
Mphasis Limited  
Bagmane World Technology Centre  
K.R. Puram, WTC 3, Block B, 1st Floor  
Marathahalli Outer Ring Road  
Doddanakhundi  
Bangalore - 560048

Dear Sir,

**Sub: Self - declaration for Alternative Investment Fund (“AIF”) (Category I/ II) for the period April 1, 2020 to March 31, 2021**

We, \_\_\_\_\_ (name of shareholder) do hereby solemnly declare as follows:

- a) We are an Alternative Investment Funds Category I/ II registered with Securities and Exchange Board of India, bearing registration number \_\_\_\_\_ (registration number);
- b) The dividend income receivable by us is not chargeable under 'Profit and gains of business or profession' and qualifies for exemption under section 10(23FBA) of the Income-Tax Act, 1961 (“Act”); and
- c) We are eligible for non-withholding of taxes under the section 197A(1F) of the Act, read with notification number 51/2015 issued by the Central Board of Direct Taxes, on the dividend income to be received.

We undertake to intimate Mphasis Limited immediately in case of any alteration in the aforesaid declaration.

Thanking you,

Yours Sincerely,

For \_\_\_\_\_ (name of Shareholder)

&lt;&lt;Signature&gt;&gt;

\_\_\_\_\_ (name of authorized person)  
\_\_\_\_\_ (designation)

*Note: Please attach the relevant authorisation like Board resolution, power of attorney, authorisation letter etc. in favour of the signatory to this declaration for execution of this document.*