

Taxability and Other Dividend Related Information

As per the Income Tax Act, 1961 (“Act”), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct tax at source at the applicable rates at the time of making the payment of the said Final Dividend, if declared at the AGM.

The Finance Act, 2021 has inserted a special provision for deduction of tax at source for non-filers of income-tax return u/s 206AB under the Income-tax Act, 1961 (“IT Act”). This section will be effective from 1st July, 2021.

According to the relevant provisions of section 206AB of the IT Act, in case the Company is paying any sum to any persons, the Company will be liable to deduct TDS at higher rate under IT Act, from such payment where:

- The *specified person* has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted (i.e. if ITR is not filed by the persons for FY 21-22), for which the time limit for furnishing the return of income under section 139(1) has expired and
- The aggregate of TDS deducted and TCS collected in the said previous year is INR 50,000/- or more.

The TDS rate may vary depending on the residential status of the Shareholder and the documents submitted by the Shareholders and accepted by the Company in accordance with the provisions of the Act. The TDS for various categories of Shareholders along with required documents are summarized below:

Table 1: Resident Shareholders

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
Resident Individuals		
If total Dividend income to a resident individual shareholder in FY 2023-24 > Rs.5,000/-	- 10% in case where PAN is provided/available - 20% in other cases where Section 206AA or 206AB becomes applicable	Update the PAN if not already done with depositaries (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – Bigshare Services Pvt Ltd (“RTA”) (in case of shares held in physical mode).
Shareholders	NIL	Form 15G/15H duly signed – The forms can



Navratna Company
(ISO 9001:2015, ISO 14001:2015
& ISO 45001:2018 Certified)

भारतीय नौवहन निगम लिमिटेड

(भारत सरकार का उद्यम)

पंजीकृत कार्यालय: शिपिंग हाउस, 245 मादाम कामा रोड, मुंबई - 400 021.

फोन: 91-22-2202 6666, 2277 2000 फैक्स: 91-22-2202 6905

The Shipping Corporation Of India Ltd.

(A GOVERNMENT OF INDIA ENTERPRISE)

Regd. Office: Shipping House, 245, Madame Cama Road, Mumbai-400 021. Ph: 91-22 2202 6666, 2277 2000

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Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
providing duly signed Form 15G (applicable to any person other than a Company or a Firm) /15H (applicable to an Individual above the age of 60 years) provided that all the prescribed eligibility conditions are met.		be downloaded from the website of the RTA at https://www.bigshareonline.com/Resources.aspx
If total Dividend income to a resident individual shareholder in FY 2023-24 < Rs. 5,000	NIL	-
Resident - Other than Individuals		
Indian Commercial Banks/Indian Financial Institutions	- 10%. - 20%, in other cases where Section 206AA or 206AB becomes applicable	-
Insurance Companies: LIC & Other Insurance Companies such as GIC/United India Insurance Co/Oriental Insurance Co/New India Assurance Co as provided under Second Proviso to section 194 of IT Act	NIL	A declaration that it has a full beneficial interest with respect to the shares owned by it along with self-attested PAN.
Govt of India, Corporation established by or under a Central Act	NIL	Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 1961

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Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
which is, under any law for the time being in force, exempt from income- tax on its income (Section 196)		along with a self-attested copy of the PAN card and registration certificate.
Mutual Funds	NIL	Self-declaration that they are specified and covered under section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and registration certificate.
	- 10%. - 20%, in other cases where Section 206AA or 206AB becomes applicable.	In case of mutual funds not covered under section 10 (23D) of the Income Tax Act, 1961
New Pension System Trust	NIL	Self-declaration that they are specified in Section 10 (44) of the Income Tax Act, 1961.
Alternative Investment Fund	NIL	Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and registration certificate.
	- 10% - 20%, in other cases where Section 206AA or 206AB becomes applicable	In case AIF other than those registered with SEBI as per Section 115UB of the Act.
Order under section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Other resident shareholder without PAN/Invalid PAN	20% as per Sec 206AA or Rate as per Sec 206AB whichever is higher	-

Please Note that:

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- Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP Id-Client Id is mandatory. In absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act. If the provisions of section 206AA is applicable to a specified person, in addition to the provision of Sec 206AB, then tax shall be deducted at higher of the two rates provided in section 206AA and 206AB.
- 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.

Table 2: Non-resident Shareholders

Tax is required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at applicable rates in force. As per the said provisions, the tax shall be withheld @ 20% plus applicable surcharge and cess on the amount of dividend payable. However, as per Section 90 of the Income Tax Act, 1961, a non-resident payee 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 DTAA benefits, the non-resident shareholder will have to provide documents provided in the table:

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder other than FIIs/ FPIs	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	<p>Non-resident shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty") as per Section 90 of the Income tax Act, 1961. The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the RTA:</p> <ul style="list-style-type: none"> • Copy of the PAN Card, if any, allotted by the Indian authorities. • Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident. • Self-declaration of beneficial ownership and not having a PE in India • Form 10F can be downloaded from the website of the RTA at https://www.bigshareonline.com/Resources.aspx

		<p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided.</p> <p>However, the Company in its sole discretion reserves the right to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts and to call for any further information. Application of DTAA rate shall depend upon the completeness of the documents submitted by the Non- Resident shareholder and review to the satisfaction of the Company.</p>
Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI)	20% (plus applicable surcharge and cess)	None (Treaty benefit not available to FII/FPI).TDS rate shall not be reduced on account of the application of the Lower DTAA rate or lower tax deduction order, if any
Submitting Order under section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

Note: The 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.

PROCEDURE FOR SUBMISSION OF DOCUMENTS:

Form 15G/15H/10F can be downloaded from the website of our RTA, Bigshare Services Private Limited at <https://www.bigshareonline.com/Resources.aspx>. The above-mentioned documents (duly completed and signed) are required to be sent to company's RTA at their email ID at tds@bigshareonline.com

Please note that the duly completed and signed documents should be sent to the RTA before the record date for dividend i.e in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication/ documents on the tax determination / deduction shall be considered post record date for dividend.

Further, Shareholders who have not registered their email address are requested to register the same with the Depositories in case the shares are held in Demat and with our RTA if the shares are held in physical form. Shareholders are further requested to update their Bank Accounts with the Depositories in case the shares are held in Demat and with our RTA if the shares are held in physical form. Shareholder holding shares in physical form can update

their email ids/ bank/ Details online at company's RTA website at
<https://www.bigshareonline.com/InvestorRegistration.aspx>.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.