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## **Subject: Abbott India Limited - Dividend for the financial year 2022-23 - Communication on Deduction of Tax at Source on Dividend**

Dear Member,

We hope this e-mail finds you safe and in good health.

We are pleased to inform you that the Board of Directors at its Meeting held on May 19, 2023 recommended a final dividend of Rs. 180/- and special dividend of Rs. 145/- per equity share of Rs 10/- each for the financial year ended March 31, 2023 ("Dividend"), subject to approval of the Members at the ensuing Annual General Meeting to be held on August 9, 2023.

The Dividend, if approved by the Members, will be paid on or after August 16, 2023 to the Members whose names appear on the Register of Members and to the Beneficial Owners of the Shares as on July 21, 2023 ("Record date"), as per the details furnished by the Depositories for this purpose.

As per the Income Tax Act, 1961 (IT Act), dividends paid or distributed by companies on or 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 prescribed rates ("TDS") at the time of making the payment of the Dividend.

Also, please note that the TDS rate would vary depending on the residential status, category of the shareholder, compliant/non-compliant status in terms of Section 206AB of the IT Act (provisions given below) and is subject to submission of all the requisite declarations/documents to the Company. Detailed instruction regarding the same is given in the table below.

### **Updation of Details for payment of Dividend**

You are requested to register/update your Permanent Account Number (PAN), Bank details, Email address, Mobile number, Residential address, Residential status in India (i.e., Resident or Non-Resident for FY 2023-24) with your Depository Participant (in case of electronic holding) or with the Company/Registrar and Share Transfer Agent (in case of physical holding) by **July 21, 2023 along with the ISR Forms**. Details available with the Company in the Register of Members/Register of Beneficial Ownership maintained by the Depositories will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions.

### **Provisions related to TDS and documents required**

You are requested to take note of the below stated TDS rates and document(s), if any, required to be submitted to the Company for your respective category on or before July 21, 2023 in order to comply with the applicable TDS provisions.

<b>Resident Members</b>	
For Resident Individuals	- No tax shall be deducted on the dividend payable to resident individuals if the total dividend to be received during financial year 2023-24 does not exceed Rs 5,000/-. In the

	<p>absence of PAN, TDS will be deducted at higher rate @20% as per section 206AA of the Act, as may be applicable.</p> <p>- TDS shall be deducted at the rate of 10% on the amount of dividend payable provided valid PAN is updated with the Depository Participant in case shares are held in dematerialized form; or Registrar and Transfer Agent ('RTA') in case shares are held in physical form and no exemption sought by Shareholder.</p> <p>- No tax shall be deducted on the dividend payable to resident individuals if the Member has provided Form 15H (applicable to an Individual above the age of 60 years) or Form 15G (applicable to an individual who is less than 60 years), as per the attached formats, provided that all the required eligibility conditions are met.</p> <p>- In case of Members who have provided a valid certificate issued under section 197 of the IT Act for lower/nil rate of deduction or an exemption certificate issued by income tax authority, the rates mentioned in such certificate shall be considered for deduction of tax at source.</p> <p><b>Note:</b> Registering the valid Permanent Account Number (PAN) for the registered Folio No./DP ID/Client ID is mandatory.</p> <p>In absence of PAN/Valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the IT Act, as may be applicable.</p> <p>Kindly note that the above rates will be subject to provisions of section 206AB of the IT Act as mentioned above.</p> <p><b>Download Forms:</b></p> <p><a href="#">Click Here</a> to download Form 15H  <a href="#">Click Here</a> to download Form 15G</p>
For Resident Non-Individuals	<p>- TDS shall be deducted at the rate of 10% on the amount of dividend payable, provided valid PAN is updated with the Depository Participant in case shares are held in dematerialized form; or Registrar and Transfer Agent ('RTA') in case shares are held in physical form and no exemption sought by Shareholder.</p>

- No tax shall be deducted at source on the dividend payable to certain resident non-individuals as per the provisions of the IT Act on submission of the documents mentioned below:

**(a) Insurance Companies/Business Trust specified in the second proviso to Section 194 of the IT Act:** Self-declaration that the Insurance Company/Business Trust has full beneficial interest with respect to the shares owned by it along with an attested copy of the PAN of the insurance company and adequate documentary evidence (e.g., registration certificate), to the effect that no TDS is required as per provisions of section 194 of the IT Act.

**(b) Mutual Funds:** Self-declaration along with certificate of registration under Section 10(23D) of the IT Act issued by the appropriate authority along with an attested copy of the PAN of the mutual fund.

**(c) Alternative Investment Fund:** Self-declaration that its income is exempt under Section 10 (23FBA) of the IT Act and that the Fund is governed by the SEBI Regulations as Category I or Category II Alternative Investment Fund, along with an attested copy of the PAN and registration certificate.

**(d) Other Non-Individual Members:** Documentary evidence along with an attested copy of the PAN for Members who are exempted from deduction of tax under Section 194 of the IT Act and categories covered under Section 196 of the IT Act.

**(e) Any other entity exempt from TDS under the provisions of section 197A of the IT 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 along with an attested copy of the PAN.

Further, in case of Members who have provided a valid certificate issued under Section 197 of the IT Act for lower/nil rate of deduction or an exemption certificate issued by income tax authority, the rates /exemptions mentioned in such certificate shall be considered for deduction of tax at source.

**Note:** Recording of the Valid Permanent Account Number (PAN) for the registered Folio No./DP ID/Client ID is mandatory. In absence of PAN/Valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the IT Act.

Kindly note that the above rates will be subject to provisions of section 206AB of the IT Act as mentioned above.

**Format for Declaration:** To download, click on [Annexure 1](#) or [Annexure 2](#) as applicable

### Non-Resident Members

Non-resident Members can avail the benefit of Double Tax Avoidance Agreement (Tax Treaty) between India and their country of residence on submission of the documents mentioned below:

- i. Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities.
- ii. Self-attested copy of Tax Residency Certificate (TRC) (of FY 2023-24 i.e., covering the period from April 1, 2023 to March 31, 2024) obtained from the tax authorities of the country of which the Member is resident.
- iii. To furnish Form 10F (if all the details required in this form are not mentioned in TRC):
  - i. **Online/ Electronically filed Form 10F:** Applicable where PAN is available and/ or required to have PAN as per relevant provisions of Income Tax Act, 1961 read with Income Tax Rules, 1962 as per Notification No. 3/2022 dated July 16, 2022 and subsequent notification dated March 28, 2023 issued by CBDT;
  - ii. **Self-declaration in Form 10F:** Applicable where PAN is not available and not required to be obtained as per relevant provisions of Income Tax Act, 1961 read with Income Tax Rules, 1962 (refer Annexure 8 given below).
- iv. 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 Tax Treaty (of FY 2023-24 or period covering FY 2023-24) along with Self-declaration of Beneficial ownership (of FY 2023-24 or period covering FY 2023-24) by the non-resident Member (Click on [Annexure 3](#)).
- v. Any other documents prescribed under the IT Act for lower or nil withholding of tax, if applicable.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident Member.

In case of Non-resident Shareholders (except those who are tax residents of Notified Jurisdictional Area), TDS rate of 20% (plus applicable surcharge and cess) or TDS rate as per Tax Treaty, whichever is beneficial will be applied subject to submission of documents as mentioned above.

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

In case of Non-Resident shareholders obtaining lower/nil tax deduction certificate issued by Income Tax Department under section 195 or section 197 of the IT Act, TDS will be applied as per the rate specified in lower/nil tax withholding certificate obtained from Income Tax Department.

In case of Non-resident Shareholders 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 provisions of Section 196D of the IT Act. To download the Form, click on [Annexure 4](#).

In case shareholders are covered under section 10(23FE) of the IT Act, no tax shall be deducted where the Shareholder submits copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the IT Act issued by the Government of India along with self-declaration that the conditions specified in section 10(23FE) of the IT Act have been complied with. To Download, click on [Annexure 5](#) or [Annexure 6](#) or [Annexure 7](#) 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 tax treaty rate whichever is beneficial in accordance with provisions of Section 196D of the IT Act, provided such FII/FPI provides PAN, Self-Declaration/No PE declaration (To download, click on [Annexure 3](#)), Copy of Tax Residency Certificate for the financial year 2023-24 covering the period from April 1, 2023 to March 31, 2024, e-filed Form 10F or and Self Declaration in Form 10F, as applicable (To download, click on [Annexure 8](#)).

#### **Members having multiple accounts under different Status/Category**

Members 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.

#### **Summary of applicable TDS/withholding tax rate**

The said Dividend will be paid after deducting the tax at source as under:

- i. Nil for resident shareholders in case Form 15G/Form15H (as applicable) along with self-attested copy of the valid PAN is submitted.
- ii. 10% for resident shareholders in case valid PAN is provided/available.
- iii. 20% for resident shareholders in case valid PAN is not provided/not available.
- iv. Beneficial tax treaty rate (based on tax treaty with India) for non-resident shareholders, as applicable will be applied based on the documents submitted by the non-resident shareholders.
- v. 20% plus applicable surcharge and cess for non-resident shareholders including FII/FPI in case the aforementioned documents are not submitted.
- vi. At the rates prescribed in the nil/lower withholding certificate, if such certificate is made available.

Kindly note that the above rates will be subject to provisions of section 206AB of the IT Act as mentioned above.

## **Section 206AB applicable to all Shareholders (Resident and Non-Resident)**

Section 206AB of the Act mandates special provisions for TDS in respect of taxpayers who have not filed their income-tax return for the previous year (referred to as specified persons). Now, as per provisions of section 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the specified persons:

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

Further, cases 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 the previous year 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 previous year 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 IT Act has expired; and
- The aggregate of TDS and TCS in his case is Rs. 50,000 or more in said previous year.

Further, it is provided that the 'specified person' shall not include:

- i. a non-resident who does not have a permanent establishment in India; or
- ii. a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.

Also, the expression "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.

Pursuant to above, we will rely on the Report generated from the Compliance Check Functionality as facilitated by the Income Tax Department under Section 206AB of the IT Act as per which TDS at a higher rate, as applicable will be applied in case of specified person.

Note: In case you are a non-resident shareholder (even if individual, company, firm, trust or any other type of entity), request you to provide a NO PE declaration which allows the Company to take a well-evaluated position on non-applicability of the said section 206AB of the Act.

### **Notes:**

1. Please note, only scanned copies of the aforementioned documents will be accepted by the Company. The documents (duly completed and signed) are required to be submitted to KFin Technologies Limited, Registrar and Share Transfer Agent of the Company ("KFin") by uploading on the link <https://ris.kfintech.com/form15> not later than July 21, 2023 in order to enable the Company to determine and deduct TDS/withholding tax at appropriate rate. **Communication on tax determination /deduction shall not be entertained post July 21, 2023.**
2. For all self-attested documents, Members must mention on the document "certified true copy of the original". For all documents being uploaded by the Member, the Member undertakes to send the original document(s) on the request by the Company.

The documents furnished by the Shareholders (such as Form 15G/15H, TRC, Form 10F, Self-Attested Declaration etc.) shall be subject to review and examination by the Company before granting any beneficial rate or NIL Rate. The Company reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete.

3. Determination of TDS rate is subject to necessary verification by the Company of the Shareholder details 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 Shareholder from the National Securities Depository Limited ('NSDL') utility or any utility provided by income tax authorities 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.

Further, after receipt of any of the above declarations, if the Company basis 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 IT Act.

4. 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 registered Member, then such registered Member should furnish a declaration containing the name, address, PAN of the person to whom TDS credit is to be given, proportion of credit and reasons for giving credit to such person with the Company in the manner prescribed by the Rules. Such declarations under Rule 37BA, need to be submitted **on or before July 21, 2023** for enabling the Company to consider the same. Any request submitted after the record date shall not be considered.
5. It may be further noted that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available with the Member to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.
6. 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 Member(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.
7. All the above referred tax rates will be enhanced by surcharge and cess, wherever applicable.
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 & Transfer Agent. Members should obtain the tax advice related to their tax matters from a tax professional.
10. All communications/queries in this respect should be addressed and sent to KFin at [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com).
11. The above communication alongwith with all the Annexures is available on the website of the Company at [www.abbott.co.in](http://www.abbott.co.in)

Your co-operation in this regard is highly solicited.

Thanking you,

Yours faithfully,

**For Abbott India Limited**

**Sd/-**

**Krupa Anandpara**

**Company Secretary**

**Membership No.: ACS 16536**