

TAXATION OF DIVIDEND

With effect from 1 April 2020, Dividend Distribution Tax has been abolished and dividend income is now taxable in the hands of the Shareholders at applicable tax rates to each category of Shareholder

REQUEST TO SHAREHOLDERS

We hope this communication finds you and your families in the best of health.

We are pleased to inform you that the Board of Directors of the Mahindra Logistics Limited (“the Company”), at their Meeting held on 20 May 2020, has recommended a Final Dividend of Rs. 1.50/- per equity share of face value of Rs. 10/- each fully paid (i.e. 15% on face value) for the financial year ended 31 March 2020, subject to approval of the Shareholders at the ensuing 13th Annual General Meeting of the Company scheduled to be held on Thursday, 30 July 2020.

The said Final Dividend will be payable to those Shareholders whose names appear in the Register of Members of the Company or in the records of the Depositories as beneficial owners of the shares as at the close of business hours on Friday, 24 July 2020 (Record date).

In accordance with the provisions Finance Act, 2020, effective 1 April 2020 Dividend is taxable in the hands of the Shareholders and accordingly, the Company shall be liable to deduct withholding tax (“TDS”) as per the rates applicable to each category of Shareholder on the Record date. No withholding of tax is applicable to resident individual Shareholders having valid PAN and if the dividend payable is less than Rs. 5,000/- per financial year and in cases of resident Insurance Companies and resident Mutual Fund category Shareholders.

In order to receive the relevant information from Shareholders to determine the rate of tax deduction as applicable to them, we request all Shareholders to kindly verify the correctness of their respective residential status and category of holding and update the same with their respective depository participant or with the Registrar and Share Transfer Agent of the Company – Link Intime India Private Limited (“Link Intime”), at the earliest.

To facilitate this, the Company with Link Intime India Private Limited (“Link Intime”), Company’s Registrar and Share Transfer Agent has enabled a Shareholder web-portal for submission of tax exemption forms/requested documents. Shareholders can submit their tax exemption forms and supporting documents directly on portal for purposes of tax deduction at source by clicking the below link and selecting “Mahindra Logistics Limited” in the Company dropdown.

<https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>

Alternatively, Shareholders can write to the Company’s investor desk at cs.mll@mahindra.com

For your convenience, we have furnished below a list of frequently asked questions on taxation of dividends and their answers, applicable tax rates and documents to be submitted.

We request shareholders to upload the relevant documents on aforesaid link on or before 24 July 2020. No documents received after the record date i.e. 25 July 2020 will be considered for payment of final dividend for FY 2019-20, if approved.

If the documents are found in accordance with the provisions of the Act the same shall be considered while deducting the taxes.

Soliciting your whole-hearted co-operation.

Stay Home, Stay Safe!!!!

Thanking you,
For Mahindra Logistics Limited

Brijbala Batwal
Company Secretary

Mumbai, 8 June 2020

INVESTOR FRIENDLY TIPS

- ❖ Update your email address, contact details (mobile number) and register for e-communications with your Depository Participant or Link Intime @ rnt.helpdesk@linkintime.co.in or the Company @ cs.mll@mahindra.com.
- ❖ Update your Bank Account details with your Depository Participant/Link Intime for seamless payment of Dividend directly to your bank accounts through electronic mode.

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FAQS ON TAXATION OF DIVIDEND

What does this mean for Shareholders?

With effect from 1 April 2020, before paying out the Dividend declared, the Company is liable to deduct tax on the dividend amount as per the rates applicable to each category of Shareholder who are eligible to receive the dividend declared.

What are the rates at which TDS will be deducted?

The tax deductible on your dividend income will depend on the following factors on the record date/book closure date for payment of Dividend:

1. The amount of dividend payable in one financial year;
2. Your residential status;
3. Category of shareholding registered with the Depositories (for demat shareholders) or the Registrar and Share Transfer Agent of the Company (for physical shareholder);
4. Slab rates prescribed by under the Income Tax Act, 1961 ("the Act") and notified by the Government of India;

Summary of the existing applicable tax rates basis different categories of shareholders is given at the end for reference.

Are there any exemptions to withholding tax deduction on dividends?

Yes. TDS is not liable to be deducted in following cases:

1. Dividend paid by Company to Resident Individuals during a financial year of an amount not exceeding Rs. 5,000/-. The same is to be computed at the PAN level.
2. Dividend paid to Resident Insurance companies and Resident Mutual Funds.
3. Declaration has been filed either in Form 15G or Form 15H, as the case maybe.
4. Documentary evidence for exemption of deduction of TDS

What is the TDS rate on dividend in case shareholder do not have a PAN or PAN provided is incomplete?

TDS shall be deducted at the below rates in case PAN of Shareholder is not available or is incomplete:

- Resident: 20%
- Non-Resident: 20% (plus applicable surcharge and cess)

Can a Shareholder claim NIL TDS deduction from the Company?

Yes, by submitting to the Company or its Registrar and Share Transfer Agents Form No. 15H or 15G, as applicable before the record date of dividend payment for non- deduction of TDS.

- [Click here to download](#) Form No. 15H for Resident Individual (aged 60 years or more) or Mutual Fund
- [Click here to download](#) Form No. 15G for a person (not being a company or firm) or Mutual Fund

How can Non-Residents claim tax benefits under DTAA?

Yes. India has signed Double Taxation Avoidance Agreements (DTAAs) with many countries so that the income is taxed only once. To claim this benefit, non-resident shareholder needs to know whether the country he/she resides in or earns income in has a DTAA with India.

In case you want to avail the benefits of the DTAA you should submit all the following documents as prescribed under the Act:

- a. Self-attested Tax Residency Certificate ("TRC") issued by the tax authorities of the country of which shareholder is a resident, evidencing and certifying shareholder's tax residency status during the Financial Year 2020-21;
- b. Self-Declaration in Form 10F for Financial Year 2020-21 – [click here to download](#);
- c. Self-attested copy of the PAN Card, if allotted by the Indian Income Tax authorities;
- d. Self-declaration of Beneficial Ownership – [click here to download](#);
- e. Self-declaration for not having taxable presence or Permanent Establishment in India in accordance with the applicable Tax Treaty – [click here to download](#);
- f. Any other documents as prescribed under the Income tax act for lower withholding of taxes if applicable.

In order to know whether a particular country is under a DTAA, one can access the following link: <https://www.incometaxindia.gov.in/pages/international-taxation/dtaa.aspx>

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Documents to be submitted by each category of Shareholder exemption of TDS on Dividend

Send email to cs.mll@mahindra.com

Resident Individual Shareholder with PAN	Resident Individual Shareholder without PAN/ without Valid PAN	Mutual Funds and Insurance Companies	Resident Company/ Firm / HUF / AOP / Trust	Non-Resident Foreign Institutional Investor	Non-Resident shareholder seeking DTAA Benefit
Update and verify records with Depository Participant ("DP") / Registrar and Share Transfer Agent ("RTA")					
Form 15G (If Taxable Income for FY 2021 is not more than Rs 5 Lakhs)	Form 15G (If Taxable Income for FY 2021 is not more than Rs 5 Lakhs)	Submit relevant docs for exemption from TDS	Lower withholding tax certificate		Copy of Tax Residency Certificate (TRC) for the FY 2020-2021
Form 15H (In case of Resident Individual's age 60 years or more)	Form 15H (In case of Resident Individual's age 60 years or more)		Doc. Evidence for Tax exemption Status		Self-Declaration in Form 10F for Financial Year 2020-21
	Documentary evidence if you are exempt from obtaining PAN				Self-attested PAN Card
	Any other documents as prescribed under the Income Tax Act, 1961 for lower withholding of taxes				Self-declaration of Beneficial Ownership
					Self-declaration for not having Permanent Establishment in India in accordance with the applicable Tax Treaty
					Any other documents as prescribed under the Income tax act for lower withholding of taxes if applicable.

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Summary of the existing applicable tax rates on Dividend Income basis different categories of shareholders is given hereunder for reference:

Sr. no.	Category (with valid PAN)	Withholding tax/ TDS (Refer note a)	Surcharge (Refer note c)	Cess (Refer notes c & d)	Total applicable Tax rate
1	Residents a. Individuals b. HUFs c. Trusts d. Associations e. Bodies Corporate f. Commercial Banks g. Financial Institutions	7.5%	Nil	Nil	7.5%
2	Alternate Investment Fund- Resident- Category III	7.5%	Nil	Nil	7.5%
3	Alternate Investment Fund- Category I and II	Nil (Subject to Note "g" below)	Nil	Nil	Nil (Subject to Note "g" below)
4	Insurance Companies	Nil	Nil	Nil	Nil
5	Resident Mutual Funds covered u/s. 10(23D)	Nil	Nil	Nil	Nil
6	Non-resident Individual or Foreign Individual	Lower of (a) or (b): a. 20% or b. Rate as per Double Taxation Avoidance Agreements treaty ("DTAA")	Tax amount is • Upto Rs. 50 lakhs – Nil • From Rs. 50 lakhs to Rs. 1 crore – 10% • Above Rs. 1 crores – 15%	4%	Lower of (a) or (b): a. 20.8%/22.88%/23.92% (based on surcharge) b. Rate as per DTAA
7	Foreign Companies	Lower of (a) or (b): a. 20% or b. Rate as per Double Taxation Avoidance Agreements treaty ("DTAA")	Tax amount is • Upto Rs. 1 crore – Nil • From Rs. 1 crore to Rs. 10 crore – 2% • Above Rs. 10 crores – 5%	4%	Lower of (a) or (b): a. 20.8%/21.22%/21.84% (based on surcharge) b. Rate as per DTAA
8	Foreign Institutional Investors - Corporates	20%	Tax amount is • Upto Rs. 1 crore – Nil • From Rs. 1 crore to Rs. 10 crore – 2% • Above Rs. 10 crores – 5%	4%	20.8%/21.22%/21.84% (based on surcharge slabs)
9	Foreign Portfolio Investors – Corporates (Registered under SEBI (FPI) Regulation, 2014)	20%	Tax amount is • Upto Rs. 1 crore – Nil • From Rs. 1 crore to Rs. 10 crore – 2% • Above Rs. 10 crores – 5%	4%	20.8%/21.22%/21.84% (based on surcharge slabs)
10	Foreign Portfolio Investors – AJP/BOI/ Trust etc (Registered under SEBI (FPI) Regulation, 2014)	20%	Tax amount is • Upto Rs. 50 lakhs – Nil • From Rs. 50 lakhs to Rs. 1 crore – 10% • From Rs. 1 Crore to 2 crores- 15%	4%	20.8%/22.88%/23.92% /26%/28.5% (based on surcharge slabs)

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			<ul style="list-style-type: none">From Rs. 2 crores to Rs. 5 crores – 25%Above Rs. 5 crore – 37%		
11	GDR by foreign companies	10%	Tax amount is <ul style="list-style-type: none">Upto Rs. 1 crore – NilFrom Rs. 1 crore to Rs. 10 crore – 2%Above Rs. 10 crore – 5%	4%	10.4%/10.61%/10.92% (based on surcharge slabs)

Notes:

- In case of non-residents where tax is to be withheld u/s. 195 of the Act as given in above table, rates as per Act will need to be compared with rates as per DTAA of country of their tax residence to arrive beneficial rate of withholding tax.*
- The benefit of lower rate as per DTAA will be considered only on receipt of complete documentation i.e, Tax residency certificate, form 10F, no PE declaration, PAN card, satisfaction of beneficial ownership of shares based on declaration or otherwise.*
- No surcharge and cess applicable for DTAA rates.*
- Health and Education Cess to be applied on total of tax + surcharge @ 4%*
- In case certificate u/s. 197 is received from any of the shareholders for such dividend payout, rate as per such certificate subject to limit mentioned in the 197 certificate should be considered for tax deduction. Appropriate documentation to be maintained.*
- In case of AIF category I & II - Residents, a declaration needs to be obtained that the income by way of dividend is not considered under the head "Profits and Gains from Business or Profession" but considered under the head "Income from Other Sources". In the absence of such declaration, the rate shall be 7.5% u/s 194 without any surcharge and cess.*
