



Steel Authority of India Limited

Registered Office: Ispat Bhavan, Lodi Road, New Delhi – 110003

{CIN: L27109DL1973GOI006454}

Phone: 011-24367481 website: www.sail.co.in

Name of Shareholder:

Folio Number/Demat Account Number:

Dear Shareholder,

**Intimation / Communication regarding Tax Deduction at Source
on Dividends from Financial Year 2021-22 onwards**

In accordance with the provisions of the Income Tax Act, 1961 ('Act') as amended by the Finance Act, 2020, dividends declared and paid by the Company on or after 1st April 2020 are taxable in the hands of the shareholders, and the Company is responsible for Tax Deduction at Source (TDS) as per **the applicable rates in terms of Section 194 and other applicable provisions of Chapter XVII B of the Act.**

To enable us to determine appropriate withholding tax rate, all Shareholders are requested to ensure to update the **details** (as applicable) through their depository participant (if shares are held in Dematerialized Form) or with registrar and transfer agent in the register of members (if shares are held in Physical Form) **in respect of Residential status as per the Act i.e., Resident or Non Resident for FY 2021-22, valid Permanent Account Number (PAN), Category of shareholders, Email ID, Address & Contact number.**

Please note that for the purpose of complying with the applicable TDS provisions, the Company will rely on the above-mentioned details as available on record date in the Register of Members.

As per the first proviso to Section 194 of the Act, no TDS is necessary on Dividend paid by any mode other than cash to a shareholder who is a Resident Individual and the total dividend to be paid during a Financial year starting from 2021-22 does not exceed Rs. 5,000.

In view of the above, starting from the current financial year i.e. April 1, 2021 onwards, the Company would be deducting TDS as per applicable TDS rates, while paying dividend, if any. Applicable Rates of TDS as per the Act as on date are as follows:

- a) Rate of TDS is 10% of the Dividend in case of **Resident Shareholder** who has furnished to the Company his/her/its Permanent Account Number (PAN).
- b) TDS will be at 20% for Resident Shareholders who has not furnished to the Company his/her/its PAN or the PAN is found to be not valid.
Hence, the shareholders are advised to update their PAN with the Depository Participant, if shares are held in Demat form, and with the Registrar and Share Transfer Agent of the Company, if shares are held in Physical form. Shareholders are requested to ensure Aadhar Number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhar Number with PAN within the prescribed period, PAN shall be considered inoperative, and thereby, tax shall be deducted at higher rate of 20%.
- c) Withholding Tax @ 20% (plus applicable surcharge and cess) on dividend paid in case of Non-Resident or a Foreign Company in terms of Section 115A of the Act as well as a Foreign Institutional Investors ("FIIs") and Foreign Portfolio Investors ("FPIs") in terms Section 196D of the Act.
- d) **TDS to be deducted at higher rate in case of non-filers of return of income as per the provisions of section 206AB** effected from July 1, 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':
 - i. At twice the rate specified in the relevant provision of the Act; or
 - ii. At twice the rates or rates in force; or
 - iii. At the rate of 5%

The 'specified person' means a person who has:

- a. not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of Section 139 has expired; and
- b. subjected to tax deduction and collection at source in aggregate amounting to INR 50,000 or more in each of such two immediate previous years.

The non-resident who does not have the permanent establishment in India is excluded from the scope of a specified person.

Further, the shareholders have an option to apply to the Company for non-deduction of TDS or deduction of TDS at a lower rate by providing the necessary documents to the Company prescribed as under:

FOR RESIDENT SHAREHOLDERS:

Category of shareholders	Documentation requirement
Insurance Companies	Life Insurance Corporation of India, General Insurance Corporation of India or any of the four companies, formed under the General Insurance Business (Nationalisation) Act, 1972 or any other insurance company registered with IRDAI –as per second proviso to section 194 of the Act -Self-declaration that it has full beneficial interest with respect to the shares owned by it along with self-attested copies of PAN card and registration certificate issued by the IRDAI.
Government (Central/State)	Documentary evidence that the person is covered under Section 196 of the Act.
Mutual Funds	Documentary evidence that the person is covered under the provisions of section 196 of the Act along with self-attested copy of PAN card and registration certificate issued by SEBI, evidencing that it falls within the scope of Section 10(23D) of the Act..
Alternative Investment Fund (AIF)	Self-declaration that the person is covered by Notification No. 51/2015 dated 25 th June 2015 and established as Category I or Category II AIF under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI
Any other entity entitled to exemption from TDS	Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to TDS exemption needs to be submitted.
Individual Resident shareholder	Duly verified Form 15G (in case of resident individual) 15H (in case of resident individual, who is a senior citizen) along with the copy of self-attested PAN.
Other Shareholders	Certificate obtained from prescribed authority under section 197 of the Act. (TAN to be used for this purpose - DELS21126A)

The Non-Resident shareholders who wish to take benefit of the rates as prescribed under the Double Tax Avoidance Agreement ('DTAA') shall also be required to submit the necessary documents prescribed as under:

FOR NON-RESIDENT SHAREHOLDERS:

Category of shareholders	Documentation requirement
FPIs and FIIs	Update/Verify the PAN and legal entity status as per the Act, if not already done, with the depositories. Provide declaration whether the investment in

	shares has been made under the general FDI route or under the FPI route. Also provide Copy of Registration Certificate issued by SEBI.
Any entity entitled to exemption from TDS	Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to exemption from TDS is to be submitted.
Other non-resident shareholders	As per Section 90 of the Act the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty between India and the country of tax residence of the shareholder, if they are more beneficial to them, than the Income Tax Act 1961. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following: <ul style="list-style-type: none"> • Self-attested copy of the PAN allotted by the Indian Income Tax authorities, if any; • Self-attested copy of valid Tax Residency Certificate obtained from the tax authorities of the country of which the shareholder is a resident; • Self-declaration in Form 10F
	Self-declaration from Non-resident, primarily covering the following: <ul style="list-style-type: none"> • Non-resident is eligible to claim the benefit of respective tax treaty; • Non-resident receiving the dividend income is the beneficial owner of such income; • Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India; • Non-resident complies with any other condition prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI'); • Non-resident does not have a place of effective management in India. • Application of the beneficial rate of tax treaty for TDS is at the discretion of the company and shall depend upon completeness of the documentation and review of the same by the Company.

The Non-Resident shareholders may also submit Certificate obtained from prescribed authority under section 195/197 of the Indian Income Tax Act (TAN to be used for this purpose - DELS21126A).

The above referred documents, duly completed and signed are required to be sent to the Company at the Registered office (or email at investor.relation@sail.in) or to our Registrar and Share Transfer Agent (RTA)(Address: MCS Share Transfer Agent Limited, **Unit: Steel Authority of India Limited**, 1st Floor, F-65, Okhla Industrial Area, Phase-I, New Delhi-110020 or email at admin@mcsregistrars.com) by quoting your Name, Folio number / Demat

Account No. (DP and Client ID both), Number of shares and PAN details on or before 6th September, 2021 **for the FY 2021-22** in order to enable the Company to determine and deduct appropriate TDS / withholding tax.

Hence, to enable us to deduct TDS on Dividend at the rate lower than the prescribed rate, in FY 2021-22, the above documents should be submitted **on or before 6th September 2021**. No communication on the tax determination/deduction shall be entertained in this regard beyond the prescribed time limit.

All communications/ queries in this respect should be addressed and sent to our RTA at its email address mentioned above.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in the absence of receipt or insufficiency of the aforementioned details/documents shareholder may lodge a claim for an appropriate refund, if eligible after filing the return of income as per the Income Tax Act, 1961.

In order to know the amount of tax deducted, out of dividend paid to shareholders after payment of dividend, the Shareholder can check the amount of tax deducted in their respective Form 26AS from their e-filing account at <https://incometax.gov.in>

Thanking You,

Yours faithfully,

For Steel Authority of India Limited

(M.B.Balakrishnan)
Company Secretary

Disclaimer: The above information does not constitute tax or legal advice. In view of the individual nature of the tax implications, each investor is advised to consult his or her own tax advisors with respect to the specific tax implications.