



# KANCO TEA & INDUSTRIES LIMITED

Registered Office : "Jasmine Tower", 3rd Floor  
31 Shakespeare Sarani, Kolkata - 700 017, India, Telefax : 2281-5217  
E-mail : [contact@kancotea.in](mailto:contact@kancotea.in), Website : [www.kancotea.in](http://www.kancotea.in)  
Corporate Identity Number (CIN)-L15491WB1983PLC035793

## Communication regarding TDS on Dividend

We wish to inform you that the Board of Directors ('Board') of your Company has at its meeting held on 28<sup>th</sup> June 2021 recommended dividend of Rs. 7 per 7% Non-Cumulative Redeemable Preference Share (being 7% on Face Value of Rs. 100 per share) and Rs.1 per Equity Share (being 10% on Face Value of Rs. 10 per share) for the financial year ended 31<sup>st</sup> March, 2021.

The dividend, as recommended by the Board, if approved at the ensuing annual general meeting, will be paid to those shareholders, whose name shall appear in the Register of Members or in the Register of Beneficial Owners maintained by the depositories, as on the Record Date i.e. Tuesday, 31<sup>st</sup> August, 2021.

In accordance with the provisions of the Income Tax Act, 1961 ('the Act'), dividend paid on or after 1<sup>st</sup> April 2020, is taxable in the hands of shareholders and the Company is required to deduct tax at source ('TDS') from dividend paid to the shareholders at the applicable rates.

TDS rates that are applicable to shareholders depend upon their residential status and classification as per the provisions of the Act. The Company will therefore deduct tax at source at the time of payment of dividend, at rates based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

### For Resident Shareholders: -

Tax will be deducted at source under Section 194 of the Act @ 10% on the amount of dividend payable, unless exempt under any of the provisions of the Act. However, in case of Individuals, TDS would not apply if the aggregate of total dividend paid to them by the Company during the financial year does not exceed Rs. 5,000. No TDS will be deducted in cases where a shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions as prescribed under the Act are met. The duly filled in Form NO.15g & 15H can be mailed to [complinance@kancotea.in](mailto:complinance@kancotea.in) / [rta@cbmsl.com](mailto:rta@cbmsl.com) mentioning the DP ID/Folio No. Please note that all fields mentioned in the forms are mandatory and the Company will not be able to accept the forms submitted, if not filled correctly.

NIL/lower tax will be deducted on dividend payable to the following categories of resident shareholders, on submission of self-declaration. (Format enclosed as **Annexure A**):

- **Insurance companies:** Documentary evidence to prove that the Insurance company qualify as Insurer in terms of the provisions of Section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN Card.
- **Mutual Funds:** Documentary evidence to prove that the mutual fund is a mutual fund specified under clause (23D) of section 10 of the Act and is eligible for exemption, along with self-attested copy of the registration documents and PAN Card.
- **Alternative Investment Fund (AIF) established in India:** Documentary evidence to prove that AIF is a fund eligible for exemption u/s 10(23FBA) of the Act and that they are established as Category I or Category II AIF under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992). Copy of self- attested registration documents and PAN card should also be provided.



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- **National Pension System Trust & other Shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN Card.
- Shareholders who have provided a valid certificate issued u/s 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities.

Please also note that where tax is deductible under the provisions of the Act and the PAN of the shareholder is either not available or PAN available in records of the Company is invalid / inoperative, tax shall be deducted @ 20% as per section 206AA of the Act.

**For Non-Resident Shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors):-**

- Tax is required to be withheld in accordance with the provisions of Sections 195 and 196D of the Act @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.
- As per section 90 of the Act, a non-resident shareholder has an option to be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to such shareholder. To avail the DTAA benefits, the non-resident shareholder will have to provide the following documents: -
- Self-attested copy of PAN, if any, allotted by the Indian tax authorities. In case of non-availability of PAN, declaration (Format enclosed as **Annexure B**) is to be submitted.
- Self-attested copy of valid Tax Residency Certificate ('TRC') issued by the tax authorities of the country of which shareholder is tax resident, evidencing and certifying shareholder's tax residency status.
- Completed and duly signed self-declaration in Form 10F.
- Self-declaration (Format enclosed as **Annexure C**) certifying the following points: -
- Shareholder is and will continue to remain a tax resident of the country of its residence during FY 2021-22 (i.e. 01.04.2021 to 31.03.2022);
- Shareholder is the beneficial owner of the shares and is entitled to the dividend receivable from the Company.
- Shareholder qualifies as 'person' as per DTAA and is eligible to claim benefits as per DTAA for the purposes of tax withholding on dividend declared by the Company.
- Shareholder has no permanent establishment / business connection / place of effective management in India.
- or
- Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
- Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner.
- In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of the registration certificate issued by the Securities and Exchange Board of India.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non- Resident shareholder and meeting the requirements of the Act, read with the applicable DTAA. In absence of the same, the Company will not be able to apply the beneficial DTAA rates at the time of deducting tax on dividend.

- Where a shareholder furnishes lower / nil withholding tax certificate under Section 197 of the Act, TDS will be deducted as per the rates prescribed in such certificate.



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## Section 206AB of the Act

Rate of TDS @ 10% u/s 194 of the Act is subject to provisions of Section 206AB of the Act (effective from 1st July 2021) which introduces special provisions for TDS in respect of taxpayers who have not filed their income-tax returns (referred to as "Specified Persons"). Under section 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the specified persons:

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

"Specified person" as defined under section 206AB (3) is someone who satisfies the following conditions:

- A person who has not filed income tax return for two previous years 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 Act has expired; and
- The aggregate of TDS and TCS in whose case is Rs. 50,000 or more in each of these two previous years

Non-resident shareholders who do not have permanent establishment in India are excluded from the scope of a "specified person".

In cases where Sections 206AA and 206AB are applicable i.e. the shareholder has not submitted PAN as well as not filed the return, tax will be deducted at higher of the rates prescribed in these sections.

The Central Board of Direct Taxes vide Circular No. 11 of 2021 dated 21st June 2021 has clarified that new functionality will be issued for compliance check under Section 206AB of the Act. Accordingly, for determining TDS rate on Dividend, the Company will be using said functionality to determine the applicability of Section 206AB of the Act.

## To summarise, dividend will be paid after deducting tax at source as under:

1. NIL - for resident individual shareholders receiving dividend from the Company upto Rs.5,000 during financial year.
2. Nil - for resident individual shareholders in cases where duly filled up and signed Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
3. 10% -for other resident shareholders in case copy of valid PAN is provided/available.
4. 20% - for resident shareholders if copy of PAN is not provided / not available or resident shareholder is specified person under section 206AB as per compliance check utility of income tax department.
5. TDS rate will be determined on the basis of documents submitted by the non-resident shareholders.
6. 20% - (plus applicable surcharge and cess) for non-resident shareholders in case the relevant documents are not submitted.
7. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.

The above-mentioned rates will be subject to applicability of Section 206AB of the Act.

In terms of Rule 37BA of the 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 deductee, then such deductee should file declaration with Company in the manner prescribed in the Rules (Refer Annexure C attached).



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## **For all Shareholders: -**

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than 25th August 2021.

The documents are to be submitted at email ID [compliance@kancotea.in](mailto:compliance@kancotea.in) / [rta@cbmsl.com](mailto:rta@cbmsl.com). In case the requisite documents are submitted by the shareholders through his/her registered email, the Company has full right to demand for the original documents and the shareholders undertake to abide by such request. Documents received by Registered Post or from registered email ID will only be accepted.

In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

No communication on the tax determination/ deduction shall be considered after 25th August 2021.

Shareholders may note 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 or due to defect in any of the aforementioned details/documents, option is available to you to file the return of income as per Act and claim an appropriate refund of the excess tax deducted, if eligible. No claim shall lie against the Company for such taxes deducted.

## **UPDATION OF PAN, EMAIL ADDRESS AND OTHER DETAILS:**

All the shareholders are requested to update the residential status, registered email address, mobile number, category and other details with their relevant depositories through their depository participants, if the shareholding is in demat form or with the Company, if the shareholding is held in physical form, as may be applicable. The Company is obligated to deduct TDS based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited (collectively referred to as "the Depositories") in case of shares held in demat mode and from the Company record in case of shares held in physical mode and no request will be entertained for revision of TDS return.

## **UPDATE OF BANK ACCOUNT DETAILS:**

In order to facilitate receipt of dividend directly in your bank account, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you may submit the name and bank account details of the first shareholder along with a cancelled cheque leaf with your name and bank account details and a duly self-attested copy of your PAN card, with Registered Office of the Company. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.

We solicit your cooperation in this regard.

Thanking you,

Yours sincerely,

For **Kanco Tea & Industries Limited**

Sd/-

**Charulata Kabra**

**Company Secretary**

## Annexure A

Date:

To  
Kanco Tea & Industriues Limited  
Jasmine Tower, 3<sup>rd</sup> Floor,  
31,Shakespeare Sarani,  
Kolkata-700017

**Subject: Declaration regarding Category and Beneficial Ownership of shares**

**Ref: PAN – Mention PAN of Shareholder**

**Folio Number / DP ID/ Client ID – Mention all the account details**

With reference to the captioned subject, and in relation to the appropriate withholding of taxes on the Dividend payable to me / us by **Kanco Tea & Industriues Limited** (the Company), I / We hereby declare as under:

1. I/We, Full name of the shareholder \_\_\_\_\_, holding share/shares of the Company as on the record date, hereby declare that I am /we are tax resident of India for the period April 2021-March 2022 (Indian Fiscal Year).

2. I/We hereby declare that (Please put tick mark)

- (i) I am an Individual has linked the Aadhar number with PAN Card.
- (ii) We are Insurance Company as per section 2(7A) of the Insurance Act, 1938 and are the beneficial owner of the share/shares held in the Company; and we are eligible for exemption from withholding taxes as per section 194 of the Act; and we are submitting self-attested copy of PAN Card and registration certificate with IRDA / LIC / GIC, as applicable.
- (iii) We are Mutual Fund specified in Section 10(23D) of the Income Tax Act, 1961 and are the beneficial owner of the share/shares held in the Company; and we are therefore eligible for exemption from withholding taxes as per section 196 of the Act; and we are submitting self-attested copy of PAN Card and registration certificate with SEBI (if registered with SEBI) or certificate indicating a Mutual Fund is set up by public sector bank / PFI / authorized by RBI being notified by Central Government.
- (iv) We are **New Pension System Trust** established in India and are the beneficial owner of the share/shares held in the Company; and our income is exempt under Section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882; and we are submitting self-attested copy of the PAN card and registration certificate, as applicable.
- (v) We are **category of the entity** and are the beneficial owner of the share/shares held in the Company; and are not subject to withholding tax under section 196 of the Income Tax Act; and we are submitting self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN card.
- (vi) Other category - we are exempted from withholding of Tax u/s194 of the Act and we are submitting self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN card documents.

- (vii) We declare that in terms of Rule 37BA of Income Tax Rules 1962, dividend income on which tax is liable to be deducted at source is assessable in the hands of a person other than me and to comply with Rule 37BA we are enclosing declaration in **Annexure 1**.
- (viii) We have / have not, obtained a Certificate issued u/s. 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by income tax authorities and enclosed herewith.

3. I/We hereby confirm that the above declaration should be considered to be applicable for all the shares held in the Company under PAN/ accounts declared in the form.

4. I/ We further indemnify the Company for any penal consequences arising out of any acts of commission or omission initiated by the Company by relying on my/ our above averment.

Thanking you.  
Yours faithfully,  
For Name of the shareholder  
<<insert signature>>

Authorized Signatory - Name and designation

*Note: Kindly strikethrough whichever is not applicable*

**Annexure 1**  
**[On letterhead of shareholder]**

Date:

To  
Kanco Tea & Industriues Limited  
Jasmine Tower, 3<sup>rd</sup> Floor,  
31,Shakespeare Sarani,  
Kolkata-700017

**Sub: Declaration under section 199 of Income Tax Act read with Rule 37BA of the Income Tax Rules 1962**

**Ref: PAN – Mention PAN of Shareholder**

**Folio Number / DP ID/ Client ID – Mention all the account details**

This is in reference to captioned shares of your company, which were held by \_\_\_\_\_ [Insert Name] on the record date on behalf of beneficial owners of such shares on account of following reason [Mention reasons, such as joint ownership or Clearing Members, etc.]

Section 199 of the Income Tax Act read with Rule 37BA of the Income Tax Rules inter alia states that if the income on which the tax has been deducted at source is assessable in the hands of a person other than deductee, credit of tax deducted at source shall be given to the other person and not to the deductee.

Sl. No.	Name	Address	PAN	Contact No.	Email ID

We therefore request you that TDS deducted under section 194 of the Income Tax Act 1961 may please be deducted in the name and PAN of the person named in above table and the certification for deduction of tax at source shall be issued in the name and PAN of the person as shown in the above table under Rule 37BA of the Rules r.w. section 199 of the Act.

I/ We further indemnify the Company for any consequences arising out of any acts of commission or omission initiated by the Company by relying on my/ our above averment.

Authorised Signatory  
(Company seal should be affixed)

### Annexure B

#### Information to be provided under sub-rule (2) of rule 37BC of Income-tax Rules, 1962:

I ..... (Person signing this form) in the capacity of ..... (designation of the person signing the form) do provide the following information, relevant to the previous year 2021-2022 in my case/in the case of ..... for the purposes of sub-rule (2) of rule 37BC (Relaxation from deduction of tax at higher rate under section 206AA) —

Sl. No.	Nature of Information	Details
(i)	Name, e-mail id and contact number of the Non- resident	(a) Name: (b) E-mail id: (c) Contact Number:
(ii)	Address of the assessee in the country or territory outside India of which Non-resident is resident of	
(iii)	Certificate of Tax Residency attached (Yes/No)	
(iv)	Assessee' s tax identification number in the country or specified territory of residence and if there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident	

We undertake to indemnify for any tax liability (including but not limited to interest and penalty) that may arise on you in future on account of non-deduction of tax at source based on the above declaration furnished by me/us.

Place: .....

Date: .....

.....



**Annexure C**

Date:

To  
Kanco Tea & Industriues Limited  
Jasmine Tower, 3<sup>rd</sup> Floor,  
31,Shakespeare Sarani,  
Kolkata-700017

**Subject: Declaration regarding Tax Residency and Beneficial Ownership of shares**

**Ref: PAN – Mention PAN of Shareholder**  
**Folio Number / DP ID/ Client ID – Mention all the account details**

With reference to the captioned subject, and in relation to the appropriate withholding of taxes on the Dividend payable to me / us by **Kanco Tea & Industriues Limited** (the Company), I / We hereby declare as under:

1. I / We, Full name of the shareholder \_\_\_\_\_, holding share/shares of the Company as on the record date, hereby declare that I am /we are tax resident of country name for the period April 2021-March 2022 (Indian Fiscal Year) as per tax treaty between India and country name (hereinafter referred to as 'said tax treaty').
2. I / We hereby declare that, I am /we are the beneficial owner of the share/shares held in the Company as well as the dividend arising from such shareholding; and I/ we have the right to use and enjoy the dividend received/ receivable from the above shares and such right is not constrained by any contractual and/ or legal obligation to pass on such dividend to another person.
3. I/We confirm that I/We are entitled to claim the benefits under the Double Taxation Avoidance Agreement (DTAA) as modified by the multilateral instrument to implement tax treaty related measures to prevent base erosion and profit shifting including but not limited to the Principal Purpose Test (PPT), limitation of benefit clause (LOB), period of holding of shares etc. as applicable.
4. I/We hereby furnish a copy of valid Tax Residency Certificate dated \_\_\_\_\_ having Tax Identification number \_\_\_\_\_ issued by \_\_\_\_\_ along with a copy of Form 10F duly filled and signed for the period April 2021-March 2022.
5. I/We further declare that I/we do not have and will not have any taxable presence, fixed base or Permanent Establishment in India as per relevant Article of the applicable DTAA read with the provisions laid down in MLI, wherever applicable nor we do not have any PE or Business Connection in India as per relevant provisions of the Act during the period April 2021 – March 2022.
6. I/We further declare that I/we have no reason to believe that our claim for the benefits of the DTAA is impaired in any manner.
7. Our Permanent Account Number in India is.....

8. I/We hereby confirm that the above declaration should be considered to be applicable for all the shares held in the Company under PAN/ accounts declared in the form.

9. I/ We further indemnify the Company for any penal consequences arising out of any acts of commission or omission initiated by the Company by relying on my/ our above averment.

The shareholders are required to provide a Declaration strictly as per the specified format given above, failing which the Company reserves the right to deny the Treaty benefits.

Thanking you.

Yours faithfully,  
For Name of the shareholder  
<insert signature>>

Authorized Signatory - Name and designation

Contact address: \_\_\_\_\_ [Please insert]  
Email address: \_\_\_\_\_ [Please insert]  
Contact Number: \_\_\_\_\_ [Please insert]  
Tax Identification Number \_\_\_\_\_ [Please insert]

*Note: Kindly strikethrough whichever is not applicable*