



Housing and Urban Development Corporation Limited

CIN: L74899DL1970GOI005276

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Dear Shareholder,

Subject: Intimation/ Communication in respect of Deduction of tax at source on Final Dividend for the Financial Year 2023-24.

We are pleased to inform you that the Board of Directors of your Company at their meeting held on 24th May, 2024, have recommended a final dividend of Rs. 2.65/-, i.e., 26.50% per equity share having face value of Rs. 10/- each for the Financial Year 2023-24, subject to the approval of the shareholders at the 54th Annual General Meeting scheduled to be held on Wednesday, 25th September, 2024.

The Company has fixed Friday, the 13th September, 2024 as the Record date for determining the entitlement of members to final dividend for Financial Year 2023-24.

Members may note that the Income Tax Act, 1961, ('IT Act') as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after 1st April, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of payment of dividend. The applicable Tax Deduction at Source (TDS) provisions under the Income Tax Act applicable for resident and non-resident shareholders are as under:

For the detailed process, please visit website of the Company www.hudco.org.in Investors/54AGM/TDS Communication. The shareholders are requested to submit the requisite documents, for claiming exemption at nil/ concessional rate of tax, as mentioned above and as required under the IT Act, to the company at dividend.tax@hudco.org only, on or before, **17th September, 2024** to enable the Company to determine the appropriate TDS rates. No communication on tax determination/ deduction shall be entertained after **17th September, 2024** or the documents submitted at email other than specified email address as mentioned above.

A. For resident shareholders: taxes shall be deducted at source under Section 194 of the IT Act as follows-

Members having valid Permanent Account Number (PAN)	10% or as notified by the Government of India
Members not having PAN/ valid PAN*	20% or as notified by the Government of India
Members who have been classified as 'Specified Person' under Section 206AB of the Income Tax Act, 1961	twice the specified rate on the amount of dividend payable or as notified by the Government of India
Members submitting lower/ NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act	Rate specified in the certificate

* As per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and shall be liable to all consequences under the Income Tax Act and tax shall be deducted at the higher rates as prescribed under the IT Act. Shareholders who are yet to furnish their PAN to their respective Depository Participant/ RTA are requested to do so immediately.

Deduction of TDS for ‘Specified person’

Applicability of higher rate on Specified Person* as per Section 206AB in case of Resident Members and Non-Resident Members who have Permanent establishment in India for TDS under section 194 of the Act:

The rate of TDS under section 206AB of the Act shall be higher of the following:

- i. twice the rate specified in the relevant provision of the Act
- ii. twice the rate or rates in force; or
- iii. the rate of five per cent.

* Specified Person means a person who has not filed 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, for which the time limit for furnishing the return of income under section 139(1) has expired and aggregate of tax deducted and collected at source is Rs. 50,000/- or more.

In this regard, the company shall assess the ‘Specified Person’ based on the functionality provided by the Income Tax Department for compliance check under section 206AB.

• If any Resident or Non- Resident member is falling in the category of ‘Specified Person’ as per the above functionality by Income Tax Department, the company shall be obliged to deduct tax at higher rate as per section 206AB of the Act (plus applicable surcharge and cess).

In case of non-resident shareholders or a non-resident Foreign Portfolio Investors/ Foreign Institutional Investors, the higher rate of tax as mentioned in Section 206AB of the Income Tax Act, shall not apply if such non-resident does not have a permanent establishment in India.

The Central Board of Direct Taxes (CBDT) has prescribed the functionality for determining whether a person fulfils the conditions of being a ‘Specified Person’ or not. Accordingly, the Company will verify from the above functionality provided by CBDT whether any shareholder of the Company qualifies as a ‘Specified Person’ prior to applying the relevant TDS rates.

No tax shall be deducted on the dividend payable to:

a) Resident Individual Shareholder, if:

- (i) the amount of total dividend payable by the Company during Financial Year 2024-25 not exceed, in the aggregate, Rs. 5,000/-; and
- (ii) In cases where the Shareholder provide Form 15G (Form 15H for individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower/nil withholding of tax. PAN is mandatory for members providing Form 15G / 15H or any other document required under the IT Act.

b) Other than Resident Individual Shareholder:

The shareholders hereunder:

Category of shareholder	Documents required
Insurance companies	Self-declaration that they are beneficial owners of shares held along with self-attested copy of registration certificate and PAN.
Mutual Funds	Self-declaration that they are governed by the provisions of Section 10(23D) of the Act, 1961, along with self-attested copy of PAN and SEBI registration certificate.
Alternative Investment Fund (AIF) established/ incorporated in India	A self-declaration that its income is exempt under Section 10(23FBA) of the Income Tax Act, 1961 and they are established and governed as category I or category II AIF under the SEBI Regulations along with self-attested copy of the PAN and SEBI registration certificate.
New Pension System Trust	A self-declaration that they are governed by the provisions of Section 10(44) [sub-Section 1E to Section 197A] of the Act along with self-attested copy of the PAN and registration certificate
Corporation established by or under a Central Act	Documentary evidence that the Corporation is covered under Section 196 of the Act and along with self-attested copy of the PAN and registration certificate
Other Non-individual resident shareholders	Documentary evidence along with an attested copy of the PAN of shareholders who are exempted from deduction of tax under Section 194 of the IT Act and categories who are covered under Section 196 of the Income Tax Act

- B. For non-resident shareholders:** TDS shall be at the rate of 20% (plus applicable surcharge and cess) or the Tax Treaty Rate, whichever is lower or as notified by the Government of India, on the amount of dividend payable to Foreign Portfolio Investors, Foreign Institutional Investors, and other non-resident shareholders.

For availing the benefit of Tax Treaty Rate, non-resident shareholders will have to provide the following documents complete in all respect to the Company:

- Self-attested copy of the valid PAN card allotted by the Indian Income Tax authorities or details as prescribed under rule 37BC of the Income Tax Rules, 1962;
- Self-attested copy of the Tax Residency Certificate (TRC) covering the Financial Year 2024-25 issued by the revenue or tax authorities of the country of which the shareholder is resident;
- Electronic Form 10F issued by the Central Board of Direct Tax. Form 10F can be obtained electronically through the e-filing portal of the Income Tax website at <https://www.incometax.gov.in/iec/foportal>
- self-declaration by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable tax treaty of Financial Year 2024-25;
- Self-declaration of beneficial ownership of Financial Year 2024-25 by the non-resident shareholder;
- Self-declaration that the non-resident shareholder is eligible to claim the benefit of the respective Tax Treaty in the Financial Year 2024-25;
- Any other documents as prescribed/to be prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by the shareholder.

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 shareholder.

In case Shareholders holding shares in multiple accounts under different status/ category under a single PAN, higher of the tax as applicable to the status in which shares are held under a PAN, will be considered on their entire holding in different accounts.

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 Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in appellate proceedings, if any, preferred by the Company.

In the event, the dividend income as on the record date , i.e., 13th September, 2024, is assessable to tax in the hands of a person other than the registered shareholder (viz., the shares are held by a clearing member, broker, etc., on behalf of the actual beneficial owner), such registered shareholder (i.e., the said clearing member, broker, etc.,) is required to furnish to the Company on or before 13th September, 2024, a declaration containing the name, address, residential status and PAN of the actual beneficial owner to whom TDS credit is to be given, and reasons for giving credit to such person. No request in this regard will be considered/entertained by the Company after this date.

The final dividend, once approved by the members in the 54th AGM, will be paid within the stipulated time period. SEBI vide its Circular dated March 16, 2023 read with Master Circular dated May 7, 2024 and other relevant applicable Circulars, has prescribed common and simplified norms for processing investor service requests by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details. As per the said Circular, it is mandatory for the shareholders holding securities in physical form to, inter alia, furnish PAN, KYC, and nomination details. Physical folios wherein the said details are not available would be eligible for lodging grievance or any service request only after registering the required details. Any payments including dividend in respect of such folios shall only be made electronically with effect from April 1, 2024 upon registering the required details. Accordingly, shareholders holding shares in physical form are once again requested to furnish the PAN, KYC and other requisite details, immediately to RTA of the Company i.e. Alankit Assignments Limited, in the prescribed forms, available on the website of the Company at www.hudco.org.in.

The TDS Certificate will be e-mailed to your registered e-mail address in due course of time, post payment of dividend; Shareholders can also check Form 26AS/AIS from their e-filing accounts at income tax website.
