



HEAD OFFICE

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Dear Shareholder,

We are pleased to inform you that the Board of Directors of the Bank at their Meeting held on Tuesday, May 24, 2022 recommended a Dividend of Rs. 2.00 per Equity Share of face value of Rs. 10.00 each (20%) for the Financial Year 2021-22. The said Dividend will be paid to eligible members, post approval of the shareholders at the ensuing 26th Annual General Meeting.

As you are aware that as per the Income Tax Act, 1961, (IT Act) as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the shareholders. The BANK shall therefore be required to deduct tax at source at the time of making the payment of the said Final Dividend, if declared at the above AGM.

**Tax Deductible at Source (TDS) / Withholding tax:**

The TDS / withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Bank/Bank's RTA/ Depository Participant (DP).

**(I) Resident Shareholders:**

**(a) Tax Deductible at Source for Resident Shareholders**

Sr. No.	Particulars	Withholding tax rate/TDS	Documents required (if any) / Remarks
1)	Valid PAN updated in the Bank's Register of Members	10%	No document required. If dividend does not exceed ₹5,000/-, no TDS/ Withholding tax will be deducted. Also, please refer Note (v) below.
2)	No PAN/Valid PAN not updated in the Company's Register of Members	20%	TDS/ Withholding tax will be deducted, regardless of dividend amount, if PAN of the shareholder is not registered with the Bank/ Bank's RTA/ DP. All the shareholders are requested to update, on or before June 22, 2022, their PAN with their DP (if shares are held in electronic form) and Bank / Bank's RTA (if shares are held in physical form). Please quote all the folio numbers under which you hold your shares while updating the records. Please also refer Note (v) below

3)	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the Certificate	Lower tax deduction certificate obtained from Income Tax Authority to be submitted on or before June 22, 2022
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**(b) No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit the documents as mentioned in the table below with the Bank/Bank's RTA/DP on or before June 22, 2022**

Sr. No.	Particulars	Withholding tax rate/ TDS	Documents required (if any) / Remarks
1)	<ul style="list-style-type: none"> <li>▪ Shareholders below the age of 60 years</li> <li>▪ Shareholders above the age of 60 years</li> </ul>	<b>Nil</b>	<ul style="list-style-type: none"> <li>▪ Declaration in Form No. 15G (applicable to an individual who is below 60 years) fulfilling certain conditions</li> <li>▪ Declaration in Form 15H (applicable to an individual who is 60 years and above), fulfilling certain conditions</li> </ul>
2)	Shareholders to whom section 194 of the Income Tax, 1961 does not apply as per second proviso to section 194 such as LIC, GIC. etc.	<b>Nil</b>	Documentary evidence for exemption u/s 194 of Income Tax Act, 1961
3)	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	<b>Nil</b>	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4)	Category I and II Alternate Investment Fund	<b>Nil</b>	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961
5)	<ul style="list-style-type: none"> <li>▪ Recognised Provident Funds</li> <li>▪ Approved Superannuation Fund</li> <li>▪ Approved Gratuity Fund</li> </ul>	<b>Nil</b>	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6)	National Pension Scheme	<b>Nil</b>	No TDS/withholding tax as per section 197A(1E) of Income Tax Act, 1961
7)	Any resident shareholder exempted from TDS deduction as per the provisions of Income Tax Act or by any other law or notification	<b>Nil</b>	Necessary documentary evidence substantiating exemption from deduction of TDS

**(II) Non-Resident Shareholders:**

The table below shows the withholding tax on dividend payment to Non-Resident Shareholders who submit the following document(s), as mentioned in the table below, to the Bank/Bank's RTA **on or before June 22, 2022**. In case all the necessary documents are not submitted, then the TDS/Withholding tax will be deducted @20% (plus applicable surcharge and cess).

Sr. No.	Particulars	Withholding tax rate/TDS	Documents required (if any) / Remarks
1)	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Other Non-Resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial	<p>FPI registration certificate in case of FIIs / FPIs.</p> <p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ol style="list-style-type: none"> <li>1) Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received</li> <li>2) PAN or Declaration as per Rule 37BC of Income Tax Rules, 1962 in a specified format.</li> <li>3) Form 10F filled &amp; duly signed Self-declaration for non-existence of permanent establishment/ fixed base in India.</li> </ol> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Bank)</p>
2)	Indian Branch of a Foreign Bank	Nil	<ol style="list-style-type: none"> <li>1) Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority.</li> <li>2) Self-Declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank and the same will be included in taxable income of the branch in India.</li> </ol>
3)	Availability of Lower/NIL tax deduction certificate issued by Income Tax Authority	Rate specified in the Certificate	Lower tax deduction certificate obtained from Income Tax Authority
4)	Any non-resident shareholder exempted from WHT deduction as per the provisions of Income Tax Act or any other law such as The United Nations (Privileges and Immunities) Act 1947, etc.	Nil	Necessary documentary evidence substantiating exemption from WHT deduction

**Notes:**

- (i) The Bank will issue soft copy of the TDS certificate to its shareholders through e-mail registered with Banks' RTA post payment of the dividend. Shareholders will be able to download Form 26AS from the Income Tax Department's website <https://incometaxindiaefiling.gov.in>

- (ii) The aforesaid documents such as Form 15G/15H, documents under sections 196,197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax Certificate etc. can be sent through email to [investor.dividend@bankofindia.co.in](mailto:investor.dividend@bankofindia.co.in) on or before June 22, 2022 to enable the Bank to determine the appropriate TDS/withholding tax rate applicable. Any communication on the tax determination/deduction received after June 22, 2022 shall not be considered. Formats of Form 15G/Form 15H, Form No. 10F and Self declaration are attached herewith.
- (iii) Application of TDS rate is subject to necessary verification of the shareholder details by the Bank as available in Register of Shareholders as on the Record Date, and other documents available with the Bank/ Bank's RTA.
- (iv) In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund.
- (v) No TDS will be deducted in case of resident individual shareholders who furnish their PAN details and whose dividend does not exceed ₹5,000/-. However, where the PAN is not updated in Bank/ RTA/ Depository Participant records or in case of an invalid PAN, the Company will deduct TDS u/s 194 without considering the exemption limit of ₹5,000/- All the shareholders are requested to update their PAN with their DP (if shares are held in electronic form) and Bank / Bank's RTA (if shares are held in physical form) against all their folio holdings on or before June 22, 2022.
- (vi) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, such shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
- (vii) **Shareholders 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**
- (viii) **Section 206AB of the Act:** Rate of TDS @ 10% under Section 194 of the Act is subject to provisions of Section 206AB of the Act (effective from July 1, 2021) which provides that 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) of the Act, 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. Further, Non-resident

shareholders who do not have permanent establishment in India are excluded from the scope of a 'specified person'.

This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. **No claim shall lie against the Bank for such taxes deducted.**

Shareholders are requested to ensure updation of Valid PAN– linked to Aadhar, Residential status, PAN category against their account, besides updation of Bank details against their demat account maintained with their Depository Participant and their folio number with the Bank.

We request your cooperation in this regard.

Thanking you,

Yours faithfully,  
For Bank of India

Sd/-  
(Rajesh V Upadhya)  
Company Secretary