



## **R Systems International Limited**

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Date: December 14, 2023

Dear Shareholder,

### **Sub: Interim Dividend 2023 – Communication On Tax Deduction At Source (TDS) On Dividend Payout**

Trust you and your family are safe and in good health!!

We are pleased to inform you that the Board of Directors of R Systems International Limited (the “Company”/ “R Systems”) at its meeting held on December 13, 2023, has declared an Interim Dividend of Rs. 6.80/- per equity share of Re. 1/- each for the financial year 2023. The record date for the purpose of Interim Dividend 2023 would be December 22, 2023. The said dividend will be paid on or before January 11, 2024.

As you are aware that as per the Income Tax Act, 1961 (the “Act”), as amended from time to time, dividend paid by companies shall be taxable in the hands of the shareholders. The Company shall, therefore, be required to deduct tax at source (TDS) at the time of making the payment of the dividend at the rates applicable to each category and residential status of shareholder.

Accordingly, shareholders holding shares in dematerialized mode, are requested to update their records such as residential status, permanent account number (PAN) and register their e-mail addresses, mobile numbers, bank details and other details with their relevant depositories through their depository participants and shareholders holding shares in physical mode are requested to furnish details to the Company’s Registrar and Share Transfer Agent i.e. Link Intime India Private Limited, if not already done. This will enable us to determine the appropriate TDS rate (if any).

This communication provides a brief of the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories.

#### **I. For Resident Shareholders:**

Tax is required to be deducted at source under Section 194 of the Act at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account

Number (PAN). In case, shareholders do not have PAN/ have not registered their valid PAN details in their account/have not linked their Adhaar & PAN, TDS at the rate of 20% shall be deducted under the provisions of the Act.

**a) Resident Individuals:**

No tax shall be deducted on the dividend payable to resident individuals if:

- i. Total dividend amount to be received by them during the Financial Year (FY) 2023-24 does not exceed Rs. 5,000/-; or
- ii. The shareholder provides Form 15G (applicable to individual)/ Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Company may at its sole discretion reject the form if it does not fulfil the requirement of law. Formats of Form 15G and 15H are enclosed as **Annexure 1** and **Annexure 2**, respectively.
- iii. Exemption certificate is issued by the Income-tax Department, if any.

**b) Resident Non-Individuals:**

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as per the format attached in **Annexure 3**.

- i. **Insurance Companies:** Self declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the equity shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/ LIC/ GIC.
  - ii. **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.
  - iii. **Alternative Investment Fund (AIF):** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act, and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
  - iv. **New Pension System (NPS) Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
  - v. **Other Non-Individual shareholders:** Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.
- c) In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Act, for lower/ NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.**

## II. For Non-resident Shareholders:

- a) Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.
- b) Further, 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 (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e., to avail Tax Treaty benefit, the non-resident shareholders are required to provide the following:
  - i. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish (a) name, (b) e-mail id, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country (format attached herewith as **Annexure 4**).
  - ii. Self-attested copy of Tax Residency Certificate (TRC) (for financial year April 1, 2023 to March 31, 2024) obtained from the tax authorities of the country of which the shareholder is a resident.
  - iii. Self Attested Copy of Online-declaration in Form 10F.
  - iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement. (for financial year April 1, 2023 to March 31, 2024) (format attached herewith as **Annexure 5**).
  - v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.
  - vi. Non-resident Shareholder complies with any other condition prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI')

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial rate as per DTAA 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.

Accordingly, in order to enable us to determine the appropriate withholding tax rate applicable, **we request you to provide these details and documents as mentioned, above, on or before December 23, 2023.** Kindly note that the aforementioned documents (duly completed and signed) may be uploaded on the website of the RTA at <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

The Company shall arrange to e-mail the soft copy of TDS certificate to you at your registered e-mail id in due course, post payment of the said dividend.

In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.

### **III. TDS to be deducted at higher rate in case of non-filers of Return of Income**

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 term 'specified person' has been defined as:

A person who has not filed the returns 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 the aggregate of tax deducted at source and tax collected at source in his/her case is Rs. 50,000/- or more in each of these two previous years:

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

As per Central Board of Direct Taxes vide Circular No. 11 of 2021 dated June 21, 2021, for determining TDS rate on Dividend, the Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act.

### **IV. For Shareholders having Multiple Accounts under different Status/ Category:**

Shareholders holding equity 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.

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.

### **V. Submission of Tax related Documents:**

The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A and other applicable provisions of the Act can be uploaded on the link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before **December 23, 2023** to enable the Company to determine the appropriate TDS/ withholding tax rate applicable. **Any communication on the tax determination/deduction received post December 23, 2023 shall not be considered.**

Documents sent to any other email ids may lead to non-submission of documents and attract TDS as per the provisions of the Act.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded by login into their e-filing account at <https://www.incometax.gov.in>.

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(s), such Shareholder(s) will be responsible to indemnify the Company, and also provide the Company with all information/ documents and co-operation in any assessment/ appellate proceedings before the Tax/ Government authorities.

Kindly note that above communication on TDS sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholder(s) should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

**UPDATION OF BANK ACCOUNT DETAILS:**

In order to facilitate receipt of dividend directly in your bank account, shareholders are requested to ensure that their bank account details in their respective demat accounts/physical folios are updated, to enable the Company to make timely credit of dividend in their bank accounts. We seek your cooperation in this regard.

Please reach out to us at [investors@rystems.com](mailto:investors@rystems.com) for any queries.

Thank you.

With warm regards,

**For & on behalf of R Systems International Limited**

**Bhasker Dubey**

Company Secretary & Compliance Officer

**Click here to download**

[Annexure-1](#)

[Annexure-2](#)

[Annexure-3](#)

[Annexure-4](#)

[Annexure-5](#)