



Bengal Tea & Fabrics Limited

CIN : L51909WB1983PLC036542

Registered Office : Century Towers, 4th Floor, 45 Shakespeare Sarani, Kolkata 700017

Telephone Nos (033) 2283-6416 /17

E-mail : investor@bengaltea.com Website : www.bengaltea.com

COMMUNICATION ON TAX DEDUCTION ON DIVIDEND

Dear Shareholder(s)

We are pleased to inform you that the Board of Directors at its meeting held on Thursday, 25th May, 2023 recommended a final dividend of Re.1/- (Rupee One Only) per Fully Paid-up Ordinary Share of Rs.10/- each, for the year ended 31st March, 2023 which will be paid to the shareholders, if approved, at the Annual General Meeting (AGM) of the Company scheduled to be held on Friday, 4th August, 2023. The dividend will be paid to those members 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. Friday, 28th July, 2023 end of day (EOD).

As you are aware, as per the Income-tax Act, 1961 (the 'Act'), as amended by the Finance Act, 2020, dividends declared, distributed and paid by a company on or after April 1, 2020 shall be taxable in the hands of the shareholders. Pursuant to Section 194 of the IT Act, the Company shall also be required to deduct tax at source there from before making distribution or payment of the dividend at the rates applicable to each category of shareholder.

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 or Aadhaar / have not registered their valid PAN or Aadhaar details in their account, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.

a. Resident Individuals:

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

- Total amount of dividend paid / distributed or likely to paid / distributed during the Financial Year 2023-24 does not exceed INR 5,000/- during that financial year. or
- Tax on shareholders' estimated total income is Nil and a declaration is received from the concerned shareholder in Form 15G (for individuals up to the age of 60 years) / Form 15H (for individuals of the age of 60 years or above).

b. Resident (other than Individuals):

- No TDS shall be deducted from dividend payable to Mutual Funds, Insurance Companies, Category I and II Alternative Investment Fund, Recognised Provident funds, Approved Superannuation Fund, Approved Gratuity Fund, National Pension Scheme, Government (Central/State) or any other entity entitled to exemption from TDS for the time being in force, subject to specified conditions and submission of declaration as per Annexure 1 with certified copies of evidences.

- c. In case, shareholders (both individuals and 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 copy of the certificate along with self-attested copy of the PAN card.

II. For Non-resident Shareholders -

- a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act at the rates in force, i.e., 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 certificate.

- 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 Agreement ("DTAA") (if any) 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 benefits, the non-resident shareholders are required to provide the following:



Communication on Tax Deduction on Dividend

- i. Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities, if available.
- ii. Self-attested copy of Tax Residency Certificate ("TRC") (for the period 1st April, 2023 to 31st March, 2024) obtained from the tax authorities of the country of which the shareholder is a resident.
- iii. Shareholders who have PAN and propose to claim treaty benefit need to mandatorily file the Form 10F online at the link <https://eportal.incometax.gov.in/> with effect from April 1, 2023 to avail the benefit of DTAA.
- iv. Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty, their eligibility to claim benefits of the said Tax Treaty and beneficial ownership of the shares (for the period 1st April, 2023 to 31st March, 2024) as per format attached as Annexure 2.

Kindly note that 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.

Note: Please note that the provisions of Section 206AB of the IT Act (applicable w.e.f. 1st July, 2021) shall require deduction of 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 rate(s) in force; or
- iii. At the rate of 5%.

The 'specified person' under Section 206AB of the IT Act means a person who has:

- i. 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 section 139(1) of the IT Act has expired; and
- ii. the aggregate of tax deducted at source and tax collected at source in his/her case is ₹ 50,000/- or more in each of these two previous years.

The specified person does not include a non-resident who does not have a permanent establishment in India.

III. Submission of documents and other requirements :

- i. Only scanned copies of the documents such as PAN, Forms 15G/15H/10F/Self-declaration/documentary evidences etc. are required to be sent vide email at rta@cbmsl.com on or before the Record Date i.e. Friday, 28th July, 2023. Soft copy of Form 15G/15H/10F are available at the Company's website www.bengaltea.com.
- ii. Please update/verify your PAN and the residential status as per IT Act, if not done so already, with your respective Depository Participant(s) (in case of shares held in dematerialised form) and with the Company's Registrar and Share Transfer Agent, M/s C B Management Services Private Limited (in case of shares held in physical form) at rta@cbmsl.com on or before the Record Date, Friday, 28th July, 2023.
- iii. TDS will be calculated based on details of first holder / registered member / beneficial owner only as appearing on Record Date. Once TDS is deducted, no transfer of such TDS in the name of another person shall be entertained under any circumstances.
- iv. TDS certificate will be sent to the members' registered email address in due course after payment of dividend and filing of TDS Return. Members will also be able to view the TDS details in Form 26AS by login to <https://www.incometax.gov.in> provided that valid PAN is registered with the Company/Depository Participant(s).
- v. TDS on dividend payable on ordinary shares of the Company, which have been transferred to Investor Education and Protection Fund ('IEPF') in terms of Section 124(6) of the Companies Act, 2013 and Rules framed thereunder shall be determined on the basis of the shareholding of respective members entitled to those shares.
- vi. In case of incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate. In case TDS is deducted at a higher rate, an option is still available with the member to file the return of income and claim an appropriate refund, if eligible. Once deducted, no claim shall lie against the Company in relation to TDS.
- vii. 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 member(s), such member(s) will be responsible to indemnify the Company and also, provide the Company with all valid information / documents.



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IV. Update your Bank Account details:

Members are requested to ensure that their bank account details are updated with the Registrar/Depository Participant(s) to get credit of dividend in their respective bank accounts. Members holding shares in physical form and who have not updated their bank account details are requested to send duly completed Form ISR 1 to the Company's Registrar and Share Transfer Agent, C B Management Services Private Limited, P-22 Bondel Road, Kolkata-700017.

In the covering letter, please mention name of the Company, Folio No., along with your name, address, email ID and mobile no. before sending the information.

V. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY

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.

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 28.07.2023 to the Registrar and Share Transfer Agents ("RTA"), viz., CB Management Services (P) Ltd, P 22 Bondel Road, Kolkata 700 019. E-mail rta@cbmsl.com, Telephone (033) 4011 6700. No communication on the tax determination / deduction shall be entertained post 28.07.2023. Shareholders holding shares in physical mode are requested to update their PAN, Bank Mandate, E-mail address, mobile number and other details in Form ISR 1 with the RTA of the Company at the above address. Shareholders holding shares in Demat mode are requested to update the same with their respective Depository Participant. **Shareholders can send the scanned copy of above said documents through e-mail at rta@cbmsl.com mentioning the name of the Company in the subject line of the e-mail.**

Thanking and Regards
For **Bengal Tea & Fabrics Limited**
Sd/-
Sunita Shah
Company Secretary
(Membership No.: F8495)

Encl. as stated



Communication on Tax Deduction on Dividend

ANNEXURE 1

Date:

To

Bengal Tea & Fabrics Limited

Century Towers, 4th Floor,
45 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 us by Bengal Tea & Fabrics Limited, I / We hereby declare as under:

1. We _____ (Full name of the shareholder), holding _____ (mention number of shares held) ordinary share(s) of the Company as on the record date, hereby declare that I am /we are tax resident of India for the period April 2023-March 2024 (Indian Fiscal Year).
2. We hereby declare that (Select whichever is Applicable)
 - We are Insurance Company and are the beneficial owner of the share/shares held in the Company; and we are submitting self-attested copy of PAN Card.
 - We are Mutual Fund specified in Section 10(23D) of the Income Tax Act, 1961 and are the beneficial owner of the share(s) held in the Company; and we are submitting self-attested copy of PAN Card and registration certificate.
 - We are Alternative Investment fund established in India and are the beneficial owner of the share(s) held in the Company; and our income is exempt under Section 10(23FBA) of the Act and are governed by SEBI regulations as Category I or Category II AIF; and we are submitting self-attested copy of the PAN card and registration certificate.
 - We are _____ (mention 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.
3. 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.
4. 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.

Thanking you.

Yours faithfully,

For _____ (Name of the shareholder)

<<insert signature>>

Authorized Signatory - (Name and Designation)



Communication on Tax Deduction on Dividend

Date:

ANNEXURE 2

To

Bengal Tea & Fabrics Limited
Century Towers, 4th Floor,
45 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 Bengal Tea & Fabrics Limited, I / We hereby declare as under:

1. I / We, _____ (Full name of the shareholder), having permanent account number (PAN) under the Income Tax Act, 1961 (“the IT Act”) _____ (mention PAN), if available, and holding _____ (mention number of ordinary share(s) held) 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 2023-March 2024 (Indian Fiscal Year) as per tax treaty between India and an acknowledged 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(s) 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 Treaty as modified by the multilateral convention to implement tax treaty related measures to prevent base erosion and profit shifting (MLI) including but not limited to the Principal Purpose Test (PPT), limitation of benefit clause (LOB), Simplified Limitation of Benefits (SLOB), 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 e-Form 10F duly filled and signed for the period April 2023-March 2024.
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 the said tax treaty during the period April 2023 – March 2024.
6. 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.
7. 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.
8. I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, I/we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.
9. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me/us, I/We will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

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)