



NTPC Limited

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August 23, 2021

Dear Shareholder,

Subject: Intimation / Communication in respect to Deduction of tax at source on Final Dividend for Financial Year 2020-21

We are pleased to inform you that the Final Dividend of Rs.3.15(Rupees Three and fifteen paise only) per share (on the face value of Rs. 10/- each) on the equity shares of the Company for the financial year 2020-21 as recommended by the Board at its meeting held on June 19, 2021, subject to approval of the shareholders at the ensuing 45th Annual General Meeting (AGM) of the Company, will be paid to the shareholders within 30 days of the date of approval on the basis of the details of beneficial ownership furnished by the Depositories and in respect of shares held in Physical form to those Members whose names will appear on the Register of Members of the Company as on the close of business hours on Friday, September 10, 2021.

In accordance with the provisions of the Income Tax Act, 1961 ('the IT Act') as amended by Finance Act, 2020, with effect from April 1, 2020, dividend declared and paid by the Company is taxable in hands of shareholders. The Company shall, therefore be required to deduct Tax at Source ('TDS') at the applicable rates on dividend payable to its shareholders. TDS rate would vary depending on the residential status of the shareholder and the documents submitted and duly accepted by the Company. Accordingly, the above referred Final Dividend will be paid after deducting TDS as follows:

For Resident Shareholder:

Particulars	Applicable rate	Documents required (if any)
With PAN	10%	Shareholders can submit the PAN / Email ID / Mobile Number before Friday, September 10, 2021 so that TDS will be deducted at 10% (where applicable). Update/Verify the PAN, and the residential status as per Act, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – M/s Beetal

		Financial & Computer Services Pvt Ltd.(in case of shares held in physical mode).##
Without PAN/ Invalid PAN	20%	N.A.
Submitting Form 15G/ Form 15H	NIL	Duly verified Form 15G or 15H (as may be applicable) in duplicate, is to be furnished along with self-attested copy of PAN card. (This form can be submitted only in case the shareholder's tax on estimated total income for FY 2021-22 is Nil) The Forms can be downloaded from the link given at the end of this communication. Refer Annexure A for format of Form 15G and Annexure B for format of Form 15H.
Submitting Order under Section 197 of the Act	Rate provided in the Order	If lower/NIL withholding tax certificate obtained from tax authority is submitted, tax will be deducted at the rate specified in the said certificate, subject to furnishing a self-attested copy of the same. The certificate should be valid for the FY 2021-22 and should cover the dividend income.
An Insurance Company as specified under Sec 194 of the Act	NIL	<ul style="list-style-type: none"> • A self- declaration in the format prescribed in Annexure C that the person is covered under the provisions of section 196 of the Act along with self-attested copy of PAN card •Registration/exemption certificate issued by the IRDAI substantiating applicability of section 194 of the Act.
Mutual Fund specified under clause (23D) of Section 10 of the Act	NIL	A self- declaration in the format attached at Annexure C that the person is covered under the provisions of section 196 of the Act along with self-attested copy of PAN card. Registration/exemption certificate substantiating applicability of section 196/ 10(23D) of the IT Act.
Alternative Investment Fund (AIF) established in India	NIL	Self-declaration in Annexure C that the person is covered by Notification No. 51/2015 dated June 25, 2015 and established as Category I or Category II AIF

	10%	under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI. This rate will be applicable for Category III AIF.
Persons Covered under Section 196 of the IT Act (e.g. Govt., RBI, Corporations established by Central Act and exempt from income tax)	NIL	A self- declaration in the format prescribed in Annexure C that the person is covered under the provisions of section 196 of the Act along with self-attested copy of PAN card. Registration/exemption certificate substantiating applicability of section 196 of the Act.
Any other entity exempt from withholding tax under the provisions of section 197A of the IT Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	NIL	A self- declaration in the format prescribed in Annexure C that the person is covered under the provisions of section 197A of the Act (except for individual Sikkimese resident) Submit declaration in Annexure D in case of individual Sikkimese resident in case of individual Sikkimese resident Adequate documentary evidence, substantiating the type of the entity.

As per clause (b) of the first proviso to section 194 of the Income-tax Act,

“no deduction shall be made in the case of a shareholder, being an individual, where-the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder, does not exceed Rs. 5000/- (five thousand rupees)”.

Therefore, the above provisions obligates the payer to withhold taxes in all cases where the amount of dividend likely to be paid during the relevant financial year exceeds Rs.5,000/-. NTPC has the history of paying interim dividend and final dividend and it is expected that NTPC would pay an interim dividend during the current year i.e. financial year 2021-22. Accordingly taxes has been withheld @10% on the final dividend for financial year 2020-21 with a threshold limit of Rs. 4,500/-.

Non-Resident Shareholder:

Particulars	Applicable Rate	Documents required (if any)
Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)	Update/Verify the PAN and legal entity status as per the Act, if not already done, with the depositories. Provide declaration whether the investment in shares has been made under the general FDI route or under the FPI route. The declaration format as prescribed in Annexure E Shareholders may also apply for a lower TDS rate as per the relevant Double Taxation Avoidance Agreements ('DTAA'), by submitting

		<p>following documents:</p> <ul style="list-style-type: none"> -Copy of Indian Tax Identification number (that is PAN). In case PAN not available, details specified in Annexure F to be provided; -Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2021-22 (covering the period from April 1,2021 to March 31,2022); -Form 10F duly filled and signed as specified in Annexure G; -Self-declaration for FY 2021-22 (covering the period from April 1, 2021 to March 31, 2022) as per Annexure H from Non-resident on shareholder's letterhead, primarily (not exclusive list) covering the following: <ul style="list-style-type: none"> a.Non-resident is eligible to claim the benefit of respective tax treaty b.Non-resident receiving the dividend income is the beneficial owner of such income c.Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
Other Non-resident shareholders (except those who are tax resident of Notified jurisdictional Area)	<p>20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)</p>	<p>Update/Verify the PAN, legal entity status and the residential status as per the Act, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – M/s Beetal Financial & Computer Services Pvt Ltd. (in case of shares held in physical mode)details specified in Annexure F to be provided, along with Annexure G & Annexure H to be attached.</p>
	<p>a) Lower rate prescribed under the tax treaty which applies to the non-resident shareholder (other than investments made under FPI route)</p>	<p>Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for FY 2021-22 (covering the period from April 1, 2021 to March 31, 2022);</p> <ul style="list-style-type: none"> - Self-Attested copy of Indian Tax Identification number (PAN), if any. - Self-Attested copy of the Tax Residency Certificate (TRC) valid as

		<p>on the date of AGM obtained from the tax authorities of the country of which the shareholder is a resident.</p> <p>- Self-declaration in Form 10F duly filled and signed. The declaration format prescribed in Annexure G.</p> <p>4. Self-declaration for FY 2021-22 (covering the period from April 1, 2021 to March 31, 2022) as per Annexure H from Non-resident, primarily covering the following:</p> <p>i. Non-resident is eligible to claim the benefit of respective tax treaty;</p> <p>ii. Non-resident receiving the dividend income is the beneficial owner of such income;</p> <p>iii. Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India;</p> <p>iv. Non-resident complies with any other condition prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI');</p> <p>v. Non-resident does not have a place of effective management in India.</p> <p>Application of the beneficial rate of tax treaty for TDS is at the discretion of the company and shall depend upon completeness of the documentation and review of the same by the Company.</p>
Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the IT Act	30%	Not Applicable
Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the IT Act	NIL	<p>- Document evidencing the applicability of section 10(23FE) of the IT Act.</p> <p>- Self-declaration in the format as prescribed in Annexure I that the conditions specified in section 10(23FE) of the IT Act have been complied with.</p>
Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed u/s 10(23FE) of the Act	NIL	Self-declaration in the format as prescribed in Annexure I that the conditions specified in section 10(23FE) of the IT Act have been complied with.
Submitting Order u/s 197 (i.e. lower or NIL withholding tax	Rate provided in the Order	If lower/NIL withholding tax certificate obtained from tax

certificate)		authority is submitted, tax will be withheld at the rate specified in the said certificate, subject to furnishing a self-attested copy of the same. The certificate should be valid for the FY 2021-22 and should cover the dividend income.
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^In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.

** The beneficial Tax Treaty rates will not automatically apply at the time of tax deduction/ withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of documents submitted by non-resident shareholders. In case documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty.

Notes:

1. If dividend income is taxable in hands of any person other than the recipient of the dividend (eg. Clearing member/corporations), then requisite details by way of a declaration in [Annexure J](#) should be communicated to the RTA of the Company or the Company on tdsdiv@ntpc.co.in by Friday , September 10, 2021, 1730 Hours (IST).

2. Tax at source will not be deducted where a member provides Form 15G (applicable to Individual in case of dividend) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Blank Form 15G and 15H can also be downloaded from the link given at the end of this communication.

3. Shareholders may note that all documents to be submitted are required to be self-attested (the documents should be signed by shareholder/authorised signatory stating the document to be "certified true copy of the original"). In case of ambiguous, incomplete or conflicting information, or valid information/documents not being provided, tax at maximum applicable rate will be deducted.

4. In case of any discrepancy in documents submitted by the shareholder, the Company will deduct tax at higher rate as applicable, without any further communication in this regard.

5. Recording of valid PAN in the records of Company/ RTA is mandatory. In absence of valid PAN, tax will be deducted at a higher rate of : (as per Section 206AA of the IT Act)

- At the rate of 20%
- rate specified in the relevant provisions of the Act
- rates in force

6. Shareholders who are required to link Aadhar number with PAN as required under section 139AA(2) read with Rule 114AAA, should compulsorily link the same by September 30, 2021 (due date extended from June 30, 2021 to September 30, 2021 vide Notification No.77 of 2021) where any PAN is found to have not been linked with Aadhar by September 30, 2021 then such PAN will be deemed invalid and TDS would be deducted at higher rates under section 206AA of the Act. Self-declaration in the format as prescribed in [Annexure K](#).

7. Rate of TDS @10% under section 194 of the Act when the dividend payment is made to resident or rate under section 195 as applicable to non-resident is subject to provisions of section 206AB of IT Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers

of income-tax return. As provided in section 206AB of the IT Act, tax is required to be deducted at higher of following rates in case of payments to specified persons:

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

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at higher of two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB of the IT Act who satisfies the following conditions:

- A person who has not filed the income tax return for both of two previous years immediately prior to the previous year in which tax is required to be deducted, for which time limit of filing of return of income under section 139(1) of the IT Act has expired; and
- The aggregate of TDS and Tax Collection at Source ('TCS') in his case is Rs.50,000 or more in each of these two previous years. [Annexure L](#) to be attached for self declaration. The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

In this regard, the Company will use the online utility provided by CBDT "Compliance Check for Sections 206AB and 206CCA". Refer Circular No. 11 of 2021 issued by CBDT in this regard.

In case, a person fulfils the conditions of being a 'specified person' as per the CBDT online utility, then tax will be deducted at higher rate as discussed above.

8. Determination of withholding tax rate is subject to necessary verification by the Company of the shareholder details as available with the Depository Participant in case shares are held in dematerialized form; or RTA in case shares are held in physical form, as on Record Date and other documents available with the Company/ RTA. Shareholders holding shares under multiple accounts under different residential status/ category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category will be considered for their entire shareholding under different accounts.

9. Further, if PAN is not as per the database of the Income-tax Portal, it would be considered an invalid PAN.

10. In the event of a mismatch in category of shareholder (individual, company, trust, partnership, local authority, Government, Association of Persons etc.) as per register of members and as per fourth letter of PAN (10 digit alpha-numeric number), the Company would consider fourth letter of PAN for determining the category of shareholders and the applicable tax rate/ surcharge/ education cess.

11. Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt, or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per IT Act and claim an appropriate refund, if eligible.

12. The Company shall arrange to email a soft copy of TDS certificate to you at your registered email address. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometaxindiaefiling.gov.in>.

13. In an event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any tax proceedings.

The aforesaid documents, as applicable, are required to be emailed to tdsdiv@ntpc.co.in and Dividend_ntpc@psmg.co.in on or before Friday , September 10, 2021, 1730 Hours (IST) to enable the Company to determine the appropriate TDS rates. No communication on the tax determination/deduction received post Friday, September 10, 2021, 1730 Hours (IST) shall be considered for payment of the Final Dividend. It is advisable to send the documents at the earliest to enable the Company to collate the documents to determine the appropriate TDS rates.No claim shall lie against the Company for taxes deducted.

We also 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 will have to submit a scanned copy of a covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with M/s Beetal Financial & Computer Services Pvt Ltd.This will facilitate receipt of dividend directly into your bank account. 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 also request you to register your email IDs and mobile numbers with M/s Beetal Financial & Computer Services Pvt Ltd.

Thanking you,

Yours faithfully,

For NTPC Limited

Sd/-

Aditya Dar

Executive Director (Finance)

Disclaimer: The above information does not constitute tax or legal advice. In view of the individual nature of the tax implications, each investor is advised to consult his or her own tax advisors with respect to the specific tax implications.