

15th May, 2021

The General Manager-Department of
Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Scrip Code : 532720

The Manager-Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Scrip Code : M&MFIN

Dear Sirs,

**Sub: Communication to Shareholders: Dividend for FY 2020-21 - Intimation on
Tax Deduction at source (TDS)/ withholding tax on Dividend**

Pursuant to the changes introduced by the Finance Act, 2020, Dividend Distribution Tax has been abolished with effect from 1st April, 2020 and the Dividend income is taxable in the hands of the Shareholders.

In this regard, please find enclosed herewith an email communication which has been sent to all the Shareholders whose email addresses are registered with the Company/Depositories indicating the process and documentation required for claiming tax exemption/withholding tax on dividends paid to the Shareholders at prescribed rates.

This intimation is also being uploaded on the Company's website at <https://www.mahindrafinance.com>.

This is for your information and record.

Thanking you,

Yours Faithfully,
For Mahindra & Mahindra Financial Services Limited

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Encl: a/a



TDS on Dividend Payment

During the Financial Year
2021-22

**MAHINDRA & MAHINDRA FINANCIAL SERVICES
LIMITED**

CIN: L65921MH1991PLC059642

Regd. Office: Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Office: Mahindra Towers, Worli, Mumbai –400 018

Tel No.: +91 22 66526000 | Fax : +91 22 24984170

Website: www.mahindrafinance.com

Email: investorhelpline_mmfs@mahindra.com

14th May, 2021

**Sub : MMFSL Dividend for FY 2020-21 - Communication on Tax Deduction at source (TDS) /
withholding tax on Dividend**

Dear Member,

We trust and pray that you and your family are safe and healthy. The year gone by has been the most challenging year ever witnessed so far and has made us more adaptive to situations as they come.

We are pleased to inform you that the Board of Directors at its Meeting held on 23rd April, 2021 has declared a Dividend of Re. 0.80 per Equity Share of face value of Rs. 2/- each for the financial year ended 31st March, 2021. The Dividend will be paid after 26th July, 2021, subject to the approval of Members at the 31st Annual General Meeting (AGM) scheduled to be held on Monday, 26th July, 2021.

As you are aware that pursuant to Income-tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by the Company after 1st April 2020 shall be taxable in the hands of the Shareholders. Your Company shall therefore be required to deduct tax at source (TDS) at the time of making payment of the said Dividend after obtaining the approval of Shareholders in the forthcoming AGM.

For Resident Shareholders, tax shall be deducted at source under Section 194 of the Income-tax Act, 1961 at 10% on the amount of Dividend declared and paid by the Company during FY 2021-22 provided PAN is furnished by the Shareholder. If PAN is not submitted, Tax would be deducted @ 20% as per Section 206AA of the Income-tax Act, 1961.

Please note that:

- The Central Government has extended the last date of linking of Aadhar with PAN, till 30th June, 2021. In case the Aadhar is not linked with PAN by the said date, PAN will be rendered invalid and Tax (TDS) will be deducted at higher rate of 20% instead of 10%.
- Section 206AB has been introduced by the Finance Act, 2021, whereby TDS will be higher of the following:
 - Twice the rate specified in the relevant provision of the Income-tax Act; or
 - Twice the rate or rates in force; or
 - the rate of five per cent;

in case a person has not filed his/her Return of Income for each of the two preceding financial years and the aggregate of tax deducted at source in his/her case is Rs.50,000 or more in each of these two financial years. These provisions will be effective from 1st July, 2021.

However, no Tax shall be deducted on the Dividend payable to Resident Individuals if the total dividend to be received by them during FY 2021-22 does not exceed Rs 5,000.

Separately, in cases where the Shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual who is of the age of sixty years or more), provided that the eligibility conditions are being met, no tax at source shall be deducted.

[Click here to download Form 15G](#)

[Click here to download Form 15H](#)

You can also download Form 15G / 15H from the Income-tax website www.incometaxindia.gov.in

For other Resident Shareholders, Dividend will be paid after deducting the tax at source as follows:

Particulars	Applicable Rate	Documents required (if any)
Submitting Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority.
Shareholders (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable)	NIL	Documentary evidence that the said provisions are not applicable.
Persons covered under Section 196 of the Act (e.g. Mutual Funds, Govt.)	NIL	Documentary evidence that the person is covered under said Section 196 of the Act.

For Non-resident Shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 of the Income-tax Act, 1961 at the rates in force. 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.

However, as per Section 90 of the Income-tax Act, the Non-Resident Shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (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 the Tax Treaty benefits, the Non-Resident Shareholders will have to provide the following:

- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the Shareholder is resident
- Self declaration in Form 10F ([Click here to download Form 10F](#)) if all the details required in this form are not mentioned in the TRC
- Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities
- Self-declaration in the attached format([Click here to download the self-declaration format](#)), certifying the following points:
 - i. Shareholders are and will continue to remain a tax resident of the country of their residence during the Financial Year 2021-22;
 - ii. Shareholders are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;

- iii. Shareholders have no reason to believe that their claim for the benefits of the DTAA is impaired in any manner;
- iv. Shareholder is the ultimate beneficial owner of shares held in the Company and dividend receivable from the Company; and
- v. Shareholder does not have a taxable presence or a permanent establishment in India during the Financial Year 2021-22.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident Shareholder.

Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide these details and documents as mentioned above by 31st May, 2021.

Kindly note that the aforementioned documents are required to be submitted online by clicking on the link provided below, by 31st May, 2021 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. It may be further noted that in case the tax on said dividend is deducted at a higher rate in 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.

No claim shall lie against the Company for such taxes deducted.

[Click here to submit the Tax Exemption Forms online](#)

We shall arrange to email the soft copy of TDS certificate to you at your registered email ID in due course, post payment of the said Dividend.

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://incometaxindiaefiling.gov.in>

Please let us know in case any clarification is required.

We urge you to stay safe.

Yours faithfully,
Mahindra & Mahindra Financial Services Limited
Sd/-
Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer