



Hero MotoCorp Ltd.

Registered Office: The Grand Plaza, Plot No.2,
Nelson Mandela Road, Vasant Kunj - Phase -II, New Delhi - 110070, India
CIN: L35911DL1984PLC017354 Phone: +91-11-46044220 Fax: +91-11-46044399
Email: secretarialho@heromotocorp.com, Website: www.heromotocorp.com

Dear Shareholder,

Sub: Hero MotoCorp Limited – Deduction of tax at source on payment of Final Dividend for the Financial Year (FY) 2022-23

As communicated to the stock exchanges on May 4, 2023, the Board of Directors of your Company, at its meeting held on May 4, 2023, has recommended a final dividend @1,750% i.e. Rs. 35/- per equity share having a nominal value of Rs. 2/- each for the financial year ended March 31, 2023. The dividend, as recommended by the Board, if declared at the ensuing Annual General Meeting, will be paid to eligible shareholders within 30 days of the date of its declaration.

As you may be aware, in terms of the provisions of the Income Tax Act, 1961 ('the Act'), as amended by the Finance Act, 2020, dividend declared and paid by a Company on or after 1st April, 2020 shall be taxable in the hands of the shareholders. The Company will, therefore, be required to deduct tax at source ("TDS") on the distribution of dividend income to its shareholders at the applicable rates as per the provisions of the Act for Resident and Non-Resident shareholder categories as follows:

I. RESIDENT SHAREHOLDERS:

For resident shareholders, generally, the tax will be deducted at source under Section 194 of the Act @ 10% on the amount of dividend, provided a valid Permanent Account Number ('PAN') is provided by the shareholder. If valid PAN is not submitted, tax would be deducted @ 20% as per Section 206AA of the Act.

a. Resident individual shareholders:

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

- i. Total dividend distributed or paid or likely to be distributed or paid by the Company to the shareholder during the Financial Year 2023-24 does not exceed Rs. 5,000/-. In other words, if the aggregate dividend (viz. all dividends like, final, interim, special, etc., already paid or likely to be paid, put together) exceeds Rs 5,000 during the FY 2023-24, TDS amount will be deducted on the aggregate amount including dividend already paid, if any, from the dividend now being paid;

- ii. The shareholder, being an individual provides a valid declaration in prescribed Form 15G* (Form 15H* in case of an individual above the age of 60 years), subject to eligibility conditions being met. As per Section 206AA of the Act, the declaration would not be valid if it does not contain valid PAN of the person making the declaration. If the recipient makes a declaration without his / her valid PAN, TDS would be deducted @ 20% as per Section 206AA of the Act.

Blank Form 15G and 15H can be downloaded from the link given at the end of this communication or from the website of the Company viz.

<https://www.heromotocorp.com/en-in/investors/shareholder-resources/downloads.html>

or from website of Income tax Department –

<https://incometaxindia.gov.in/pages/downloads/most-used-forms.aspx>

***Note:** The shareholders need to submit a new Form 15G or 15H as applicable each time, as the eligibility conditions may be breached by virtue of the dividend already paid to them in the same financial year.

b. Resident Shareholders other than individuals:

In case of a certain class of resident shareholders other than individuals who are covered under provisions of Section 194 or Section 196 or Section 197A of the Act, no tax shall be deducted at source ('nil rate'), provided sufficient documentary evidence is submitted along with exemption notification, (if any), as per the relevant provisions of the Act, to the satisfaction of the Company. This illustratively includes providing the following:

- i. **Insurance Companies** (Public & other insurance companies): Self-declaration that it has a full beneficial interest with respect to the shares not owned by it, if any, along with a self-attested copy of valid PAN card and certificate of registration with Insurance Regulatory and Development Authority of India (IRDAI).
- ii. **Mutual Funds:** Self-declaration that they are specified and covered under Section 10 (23D) of the Act along with a self-attested copy of valid PAN card and registration certificate.
- iii. **Alternative Investment Fund ('AIF') established/incorporated in India -** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act and they are governed by SEBI Regulations as Category I or Category II AIF along with a self-attested copy of the valid PAN card and registration certificate.
- 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. **Corporation established by or under a Central Act** which is, under any law for the time being in force, exempt from income-tax on its income: Self-declaration specifying the specific Central Act under which such corporation is

established and that their income is exempt under the provisions of the Act along with a self-attested copy of the valid PAN card and registration certificate.

- vi. **Other Resident Non Individual Shareholders:** Shareholders who are exempted from the provisions of TDS as per Section 194 of the Act and who are covered under Section 196 of the Act shall also not be subjected to any TDS, provided they submit an attested copy of the valid PAN along with the documentary evidence in relation to the same.

Application of Nil rate of tax deduction / withholding on dividend will depend upon the completeness of the documents submitted by shareholders to the satisfaction of the Company.

Notwithstanding anything contained above, in cases where the shareholders provide a certificate under Section 197 of the Act for lower / NIL withholding of taxes, the rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

Note: please download the Self-declaration form from the link given at the end of this communication or from the following link to the Company's website:-
<https://www.heromotocorp.com/en-in/investors/shareholder-resources/downloads.html>

II. NON-RESIDENT SHAREHOLDERS INCLUDING FOREIGN PORTFOLIO INVESTORS (FPIs)/ FOREIGN INSTITUTIONAL INVESTORS (FIIs) AND SPECIFIED FUND ('NON-RESIDENT PAYEE')

- i. In case of a non-resident payee, tax is required to be withheld in accordance with the following provisions of the Act:
- Section 195 - at the rates in force
 - Section 196D (1) in case of FPIs and FIIs - @ 20% plus applicable surcharge and cess.
 - Section 196D (1A) in case of specified fund referred to in clause (c) of the Explanation to clause (4D) of Section 10 of the Act - @ 10% plus applicable surcharge and cess.

In case of FIIs/FPIs/Specified Fund covered under Section 196D of the Act, necessary documents in support thereof along with a self-attested copy of valid PAN card and registration certificate have to be provided.

As per Section 90 or Section 90A of the Act, a non-resident payee covered under Section 195 and FPIs and FIIs covered under Section 196D(1) above has the option to be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA')** read with Multilateral Instrument ('MLI'), if applicable, between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the DTAA benefits read with MLI (if applicable), the non-resident shareholder will have to provide certain documents, namely:

- Self-attested copy of valid PAN Card, if any, allotted by the Indian Income Tax authorities;
- Self-attested copy of Tax Residency Certificate ('TRC') obtained from the tax authorities of the country of which the shareholder is resident, valid as on date of payment;
- Form 10F (if all the details required in this form are not mentioned in the TRC) as below-
 - Shareholders having an Indian PAN have to file the Form 10F electronically as mandated by the CBDT vide Notification No. 03/2022 dated 16th July 2022. The form has to be furnished on the e-filing website- <https://www.incometax.gov.in/iec/foportal/>
 - Shareholders not having an Indian PAN can continue to file the Form 10F manually*;
 - Self-declaration* by the non-resident payee containing such particulars/ confirmation as would be relevant to be governed by and/ or avail benefits, if any, under the applicable DTAA read with MLI.

* Please download from the link given at the end of this communication or from the Company's website viz. <https://www.heromotocorp.com/en-in/investors/shareholder-resources/downloads.html>

Application of beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts will depend on the completeness and satisfactory review by the Company, of the documents submitted by the non-resident payee. If required, the documents may further be corroborated by supporting such as opinion from an accounting firm or a law firm which categorically confirms the eligibility of the shareholder to obtain DTAA benefits particularly pertaining to the lower rate of taxation of dividends prescribed under the specific article of the DTAA read with MLI.

** Note: In case of a shareholder being a tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore DTAA.

- ii. **Tax resident of any notified jurisdictional area** - Where any shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Act, tax will be deducted at source at the rate of 30% or at the rate specified in the relevant provision of the Act or at the rate(s) in force, whichever is higher, from the dividend payable to such shareholder in accordance with Section 94A(5) of the Act.

Notwithstanding anything contained above, in the case where the shareholders provide a certificate under Section 197 of the Act for lower / NIL withholding of taxes, the rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

III. 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 are held under a PAN will be considered on their entire holding in different accounts.

IV. APPLICABILITY OF SECTION 206AB TO ALL SHAREHOLDERS (RESIDENT AND NON-RESIDENT)

Effective July 1, 2021, Finance Act, 2021 has inserted Section 206AB of the Act for non-filers of income-tax return providing that where TDS is required to be deducted under Chapter XVIIIB (other than Sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB, 194LBC, 194M or 194N) on any sum or income or amount paid, or payable or credited, by a person to a specified person, the tax shall be deducted at the higher of the below rates:-

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

Further, sub section (2) of Section 206AB of the Act provides that where Sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the income tax return, the tax shall be deducted at the higher of the two rates provided in the aforesaid sections.

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.

The term 'specified person' is defined in sub section (3) of Section 206AB of the Act to mean a person who satisfies all the following conditions:

- a. A person who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under Section 139(1) of the I-T Act has expired; and
- b. The aggregate of TDS and Tax Collected at Source in his case is Rs. 50,000 or more in the said previous year.

Specified persons shall not include following:

- a. The non-resident who does not have a permanent establishment in India; or
- b. A person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.

V. MANDATORY LINKING OF AADHAR WITH PAN

As per Income Tax provisions, linking of Aadhaar with PAN is mandatory. In case the Aadhaar is not linked with PAN, TDS will be deducted at a higher rate of 20% instead of the applicable rate.

VI. DECLARATION UNDER RULE 37BA OF IT RULES, 1962

In case dividend income under the provisions of the Act is chargeable to tax in hands of any person (holding shares on behalf of registered shareholders or acting as a custodian) other than the Registered Shareholder, then, a declaration to that effect is required to be submitted in terms of section 199 of the Act read with Rule 37BA of the Income Tax Rules, 1962 (format attached herewith). On such submission, the Company will deduct tax in the name of such person, which would be due compliance of law on the part of the Company.

Notes:

- All the above referred tax rates will be enhanced by surcharge and cess, as applicable.
- To enable us to determine the appropriate TDS / withholding tax rate applicability, the aforementioned documents are required to be uploaded with the Registrar and Share Transfer Agent viz. KFin Technologies Private Limited ("RTA") at <https://ris.kfintech.com/form15/> not later than **July 25, 2023**. Further, the Resident Non-Individual members such as Insurance companies, Mutual Funds, Alternative Investment Fund (AIF) and other domestic financial institutions established in India and Non-Resident Non-Individual Members such as Foreign Portfolio Investors may submit the relevant forms, declarations and documents through their respective custodians who are registered with NSDL for tax services, on or before **July 25, 2023**. No communication on the tax determination / deduction shall be entertained thereafter.
- For all documents being uploaded by the shareholder, the shareholder undertakes to send the original document(s) on request by the Company.
- In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents on time, you would still have an option of claiming refund of the higher tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.
- TDS certificate will be emailed to you at your registered email ID in due course, post payment of dividend.
- 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 Shareholder(s), such Shareholder(s) will be responsible to indemnify the Company and provide all the relevant information/ documents to the Company and co-operate in appellate proceedings, if initiated.
- 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. Shareholders should consult with their own tax advisors for the tax provisions that may be applicable to them.

- All communications/ queries in this respect should be addressed and sent to einward.ris@kfintech.com

We also request you to register your email IDs, mobile numbers and update your bank account details with your Depository Participant for receiving electronic credit of dividends directly into your bank accounts, in case you are holding shares in electronic form or with the RTA in case of holdings in physical form.

Yours faithfully,

For Hero MotoCorp Limited

Dhiraj Kapoor
Company Secretary & Compliance Officer

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

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

[Click here](#) to download – Self declaration for Resident SH other than Individuals

[Click here](#) to download - 10F (Manual)

[Click here](#) to download - Self declaration for DTAA applicability

[Click here](#) to download - Declaration under Rule 37BA

The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the shareholders are advised to consult their own tax advisors with respect to specific tax implications arising out of receipt of dividend.