

COAL INDIA LIMITED
Corporate Identity Number: L23109WB1973GOI028844
Office: Coal Bhawan, Premises no-04-MAR, Plot no.-AF-III, Action Area-1A, Newtown, Rajarhat,
Kolkata-700156
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Date: 12.02.2024

Sub: Tax on 2nd Interim Dividend for FY 2023-24

Dear Shareholder,

Board of Directors of Coal India Limited at their meeting held on 12th Feb'2024 has inter-alia declared the payment of Second Interim Dividend @ 5.25/-per equity share having face value of Rs.10/- each for the FY 2023-24.

The dividend, as declared by the Board, will be paid to shareholders holding equity shares of the Company, either in electronic or in physical form as on **Tuesday, 20th Feb'2024, i.e, Record Date.**

In accordance with the provisions of the Income Tax Act, 1961 as amended by and read with the provisions of the Finance Act, 2020, with effect from 1st April 2020, dividend declared and paid by the Company shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source under section 194, 195 and 196D of Income Tax Act, 1961 ("the Act") depending upon the status and category of the Shareholders at the time of making the payment of the said Dividend.

This communication summarizes the applicable Tax Deduction at Source ("TDS") provisions, as per the Income Tax Act, 1961, for various categories of shareholders along with required documents provided in Table 1 and 2 below:

Table 1: Resident Shareholders

Category of shareholder	Tax deduction Rate	Exemption applicability/ Documentation requirement
Any resident shareholder	10%	No deduction of taxes in the following cases – <ul style="list-style-type: none">• If dividend income paid or likely to be paid to a resident individual shareholder during FY 2023-24 does not exceed INR 5,000/-.• If shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with the documentary evidence in relation to the same.• Submitting declaration in Form No. 15G (applicable to individuals only in respect of dividend income) / Form 15H (applicable to an Individual who is 60 years and older), fulfilling all the required eligibility conditions. While filling the form, the shareholder should ensure that the total amount of dividend received from Coal India Limited during the current Financial Year (inclusive of dividend received in previous tranches, if any) has to be mentioned to be considered as exempted from TDS.

Category of shareholder	Tax deduction Rate	Exemption applicability/ Documentation requirement
		<ul style="list-style-type: none"> In case PAN is not furnished / found to be invalid, the rate of deduction of tax shall be 20% as per Section 206AA of the Act.
Mutual Funds	NIL	<p>Self-attested copy of registration certificate with SEBI and PAN card along with self-declaration that the mutual funds are notified mutual fund u/s 10(23D)(ii) of Income Tax Act, 1961.</p> <p>In case the shares are held in the name of the mutual fund but the beneficial owners are someone else, the same must be informed within the stipulated time with suitable declaration. Further, a list of such beneficial owners as on the record date must also be submitted within the stipulated time.</p>
Insurance Companies: Public & Other Insurance Companies	NIL	<p>Documentary evidence that the provisions of Section 194 of the Income Tax Act, 1961 are not applicable along with self-attested copy of PAN card. In case the shares are held in the name of insurance companies but the beneficial owners are someone else, the same must be informed within the stipulated time with suitable declaration. Further, a list of such beneficial owners as on the record date must also be submitted within the stipulated time.</p>
Entities exempt under Section 10 of the Act	NIL	<p>If the income is exempt under the Act, the authorized signatory shall submit the declaration duly signed with stamp affixed for the purpose of claiming exemption from TDS (entities as provided in Circular No.18 of 2017)</p>
Benefit under Rule 37BA	Rates based on the status of the beneficial owners	<p>In case where shares are held by Clearing Member/ intermediaries/ stock brokers and TDS is to be applied by the Company in the PAN of the beneficial shareholders, then intermediaries/ stock brokers and beneficial shareholders will have to provide a declaration within the stipulated time.</p> <p>Any declaration submitted after the cut-off date will not be accepted.</p>
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.	NIL	<p>Documentary evidence that the Corporation is covered under section 196 of the Income Tax Act, 1961 along with self-attested copy of PAN card.</p>
Shareholder submitting Order under section 197 of the Act	Rate provided in the order	<p>Lower/NIL withholding tax certificate obtained from Income Tax authorities along with self-attested copy of PAN card.</p>

Category of shareholder	Tax deduction Rate	Exemption applicability/ Documentation requirement
Alternative Investment fund (AIF)	NIL	A declaration that the income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI Regulations. Self-attested copy of registration documents and PAN card should be provided.
Other resident shareholder without PAN / Invalid PAN / Shareholders identified as 'specified persons' for the purpose of higher deduction of tax as per 'Compliance Check Facility' made available by the Income-tax department (refer detailed note on Section 206AB below)	20%	Shareholders should update their PAN, if not already done, with depositories (in case shares are held in demat mode) and with the Company's Registrar & Share Transfer Agent – M/s Alankit Assignments Limited, at their email id: rta@alankit.com (in case the shares are held in physical mode).

Table 2: Non-resident Shareholders

Category of shareholder	Section	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder / Foreign Institutional Investors (FII) / Foreign Portfolio Investors (FPI)	195/196D	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	<p>Non-resident shareholders / FFI / FPI may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty"). The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the Company:</p> <ol style="list-style-type: none"> i. Copy of the PAN Card, if any, allotted by the Indian authorities. ii. Self-attested copy of Tax Residency Certificate (TRC) valid as on the record date obtained from the tax authorities of the country of which the shareholder is resident. iii. Electronically generated Form 10F from the link https://eportal.incometax.gov.in/ (for non-resident possessing PAN) and in case of non-resident not possessing PAN & not required to have a PAN, a hard copy of duly executed Form 10F along with a declaration that the shareholder is not required to have a PAN as per the provisions of the Act read along with

Category of shareholder	Section	Tax Deduction Rate	Exemption applicability/ Documentation requirement
			<p>Rules.</p> <p>iv. Self-declaration from Non-residents, primarily covering the following:</p> <ul style="list-style-type: none"> ➤ Non-resident is eligible to claim the benefit of respective tax treaty. ➤ Non-resident receiving the dividend income is the beneficial owner of such income. ➤ Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India. <p>TDS under the Tax Treaties will only be considered as per the rates mentioned in the Dividend Article of respective Tax Treaty. No claims for concessional rate as per the Most Favoured Nation ('MFN') clause shall be claimed and/or allowed.</p> <p>TDS shall be deducted at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided / found to be not valid.</p> <p>The Company is not obligated to automatically apply the Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. Application of Tax Treaty rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the non-resident shareholders.</p>
Shareholders Submitting Order under section 197 of the Act	197	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities, along with self-attested copy of PAN card.
Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined under Section 94A(1) of the Act	195	30%	-

Category of shareholder	Section	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Sovereign Wealth Fund, Pension Funds, Other bodies notified under section 10(23FE) of the Act	10(23FE)	Nil	Self-Declaration substantiating the fulfillment of conditions prescribed under Section 10(23FE) of the Act
Shareholders identified as 'specified persons' for the purpose of higher deduction of tax as per 'Compliance Check Facility' made available by the Income-tax department (refer detailed note on Section 206AB below)	206AB	Twice the rate specified in the relevant provision of the Act; or Twice the rate or rates in force whichever is higher	Non-resident shareholder may file a declaration confirming that they do not have any fixed place of business in India.
Declaration regarding opting out of Sec 115BAC		Not Applicable	From FY 2023-24, the Company is required to declare in the quarterly TDS Return in Form 27Q whether the shareholder is opting the old regime or new regime prescribed under section 115BAC while filing the return of income. In view of the same, the non-resident shareholders are required to give a declaration mentioning their Name, PAN, status of PAN and whether section 115BAC of the Income Tax Act, 1961 is opted or not. Note: Where no declaration is received, it will be assumed that the non – resident shareholder is opting out of section 115BAC.

Shareholders are requested to take note of the following:-

1. For shareholders holding shares under multiple accounts under different status/category and single PAN, 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.
2. While filing Form 15G/15H, the following must be noted

“Estimated Income for which this declaration is made” - The total dividend income received from CIL during the current financial year including the present dividend.

“Details of Income for which the declaration is filed” –

- i. Identification number of relevant investment / account etc.- DP ID/Client ID
 - ii. Nature of Income – Dividend Income
 - iii. Section under which tax is deductible – Section 194
 - iv. Amount of Income – total dividend income received from CIL during the current financial year including the present dividend
3. The aforementioned documents are required to be mailed to us at cil.taxdoc@coalindia.in **on or before Friday, 23rd Feb’2024 (cut-off date)** in order to enable the Company to determine appropriate TDS / withholding tax rate. No communication on the tax determination/deduction shall be entertained post the cut-off date. The Company reserves the right to reject the documents in case of any discrepancy or if the documents are found to be incomplete.
 4. In case the tax on said Dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents, there would still be an option available to file the return of income and claim an appropriate refund, if eligible, but no claim shall lie against the Company for such taxes deducted.
 5. 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 send a duly signed declaration with details of actual beneficiary as on the record date in excel sheet to cil.taxdoc@coalindia.in in the manner prescribed in the said Rules **on or before Friday, 23rd Feb’2024 (cut-off date)** for the purpose of payment of Dividend. Declarations filed/received after the said period shall not be entertained by company.

SECTION 206AA & 206AB OF THE ACT

Rate of TDS u/s 194 ,195 & 196D of the Act are subject to provisions of Section 206AB of the Act (effective from 1st July, 2021) which introduced special provisions for TDS in respect of taxpayers who have not filed their income-tax return (referred to as specified persons).

Individual Shareholders are requested to ensure that their Aadhar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhar with PAN within the prescribed timelines, PAN shall be considered inoperative and in such scenario, tax shall be deducted at higher rate of 20% under section 206AA of the IT Act.

U/s 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the specified persons: -

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

In cases where Sections 206AA (Non - PAN) and 206AB are applicable i.e. the shareholder has not submitted the PAN as well as not filed the return; tax will be deducted at higher of the two rates prescribed in these sections.

"Specified person" as defined u/s 206AB(3) is someone who satisfies the following conditions:

- A person who has not filed income tax return for one previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and
- The aggregate of TDS and TCS in whose case is Rs. 50,000 or more in each of these two previous years.

Non-resident shareholders who do not have permanent establishment in India (i.e. fixed place of business of India) are 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 206AA & 206AB of the Act.

While on the subject, it is also requested to submit / update the bank account details with respective Depository Participant, in case shares are being held in electronic form. In case the shareholding is in physical form, it is requested to submit a scanned copy of a covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with shareholder name and bank account details and a copy of PAN card, duly self-attested, with our RTA, M/s Alankit Assignments Limited. This will facilitate the receipt of dividend directly into the bank accounts. In case the cancelled cheque leaf does not bear the name, it is requested to attach a copy of the bank pass-book statement, duly self-attested.

Shareholders are also requested to register their email IDs and mobile numbers with the Company at cil.taxdoc@coalindia.in or with M/s Alankit Assignments Limited at their email id: rta@alankit.com.

Shareholders' cooperation is highly solicited.

For **COAL INDIA LIMITED**

Sd-

B.P.Dubey
Company Secretary

Note: Please mention DP ID/ Client ID, PAN & contact number in all future communications.