

Memo on Deduction of Tax at Source on amounts distributed by Propshare Platina (first SM REIT scheme under Property Share Investment Trust) ('Scheme') to the Unitholders for the Financial Year ('FY') 2024-25

This communication provides the applicable Tax Deduction at Source ('TDS') provisions under the Income Tax Act, 1961 ('the Act') for Resident and Non-Resident Unitholder categories and a request for providing necessary information / declaration as detailed in this document subsequently.

1. Interest and Dividend

Tax will be deducted under the provisions of section 194LBA of the Act by Scheme on distribution of interest and dividend income to its Resident and Non-Resident Unitholders.

1.1 Resident Unitholders

For Resident Unitholders, under the Act, the TDS under section 194LBA of the Act will be 10% on the amount of interest and dividend declared and paid by the Scheme during FY 2024-25 provided Permanent Account Number ('PAN') is provided by the Unitholder / is available with Scheme as part of the Unitholder records.

If PAN is not available / submitted/ inoperative, TDS would be deducted at 20% as per section 206AA of the Act.

Further, as per the provisions of Section 206AB of the Act, taxes are deductible at the higher of the following rates where Unitholder is a 'specified person':

- twice the rate specified in the relevant provision of the Act i.e., twice the rate specified in Section 194LBA of the Act in the instant case;
- twice the rate or rates in force; or
- 5%.

As per provisions of section 206AB, for the FY 2024-25, 'specified person' means a person who has:

- a) not filed return of income for the previous FY for which the time limit for filing the return of income has expired; and
- b) been subjected to tax deduction / collection at source in aggregate amounting to ₹50,000 or more in the said FY.

In accordance with the Circular No. 11 of 2021, determination of a Unitholder as 'specified persons' shall be undertaken based on the new functionality made available on the Income tax reporting portal by the Central Board of Direct Taxes viz. "Compliance Check for Sections 206AB and 206CCA". The check shall be undertaken by Scheme on the record date. Accordingly, in case a resident Unitholder qualifies as a 'specified person' basis the aforesaid functionality, appropriate withholding of tax shall be made in accordance with provisions of Section 206AB of the Act by Scheme at the rate of 20%.

A. Resident Individual Unitholders

No declaration needs to be provided by the Resident Individual Unitholders, so far as the PAN of the Unitholder is updated with the respective Depository Participant, which would be made available with Scheme. Please note that for Resident Individual Unitholders, taxes will be deducted at the aforesaid rate irrespective of their estimated total income of the subject FY.

B. Resident Unitholders other than Individuals

In case of a certain class of Resident Unitholders other than Individuals, no tax shall be deducted at source ('nil rate') provided sufficient documentary evidence thereof, to the satisfaction of the Scheme, is submitted. This illustratively includes the following:

- **Mutual Funds:** Self-declaration that they are specified and covered under section 10(23D) of the Act along with copy of registration certificate issued by Securities and Exchange Board of India ('SEBI').
- **Alternative Investment Fund ('AIF'):** 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 copy of registration certificate issued by SEBI.
- **A corporation established by or under a Central Act which is, under any law or time being in force, exempt from income-tax on its income:** Self-declaration that its income is exempt along with copy of registration certificate.
- **Other Resident Non-Individual Unitholders:** Unitholders who are exempted from the provisions of TDS as per any provisions of the Act shall also not be subjected to any TDS, provided they submit an attested copy of the PAN along with the documentary evidence in relation to the same.

1.2 Non-Resident Unitholders

Interest:

For Non-Resident Unitholders, the TDS under section 194LBA of the Act will be 5% (plus applicable surcharge and education cess) on the amount of interest paid by the Scheme during FY 2024-25 provided PAN is provided by the Unitholder / is available with Scheme as part of the Unitholder records.

If the PAN is not available / submitted / inoperative, TDS would be deducted at 20% as per section 206AA of the Act.

However, the aforesaid rate of 20% is subject to the provisions of Rule 37BC of the Income-tax Rules, 1962 ('the Rules'). Rule 37BC of the Rules provides that provisions of section 206AA of the Act shall not inter-alia apply in respect of payments in the nature of interest, dividends, etc. if the Non-Resident furnishes certain information. The Unitholder can provide such information as per the format attached as Annexure 1 along with supporting documentation. The category wise details of TDS are provided below:

Category of Unitholder (Non-Residents)	The income or the aggregate of such incomes paid or likely to be paid and subject to tax deduction	Effective tax rate (inclusive of surcharge & education cess) in case of Non-Residents
Individuals, Trusts, Body of Individuals, Association of Persons etc.	• is below fifty lakh rupees	5.20%
	• exceeds fifty lakh rupees does not exceed one crore rupees	5.72%
	• exceeds one crore rupees but does not exceed two crore rupees	5.98%
	• exceeds two crore rupees but does not exceed five crore rupees	6.50%
	• exceeds five crore rupees	7.124%*
Foreign Portfolio Investor ('FPI')/ Foreign Institutional Investor ('FII') set up as a Trust or an Association of Persons	• is below fifty lakh rupees	5.20%
	• exceeds fifty lakh rupees does not exceed one crore rupees	5.72%
	• exceeds one crore rupees but does not exceed two crore rupees	5.98%
	• exceeds two crore rupees but does not exceed five crore rupees	6.50%
	• exceeds five crore rupees	7.124%

Foreign firm/ Foreign limited liability partnership	<ul style="list-style-type: none"> • is below one crore rupees • exceeds one crore rupees 	<p>5.20%</p> <p>5.824%</p>
Foreign Company	<ul style="list-style-type: none"> • is below one crore rupees • exceeds one crore rupees but does not exceed 10 crores • exceeds 10 crores 	<p>5.20%</p> <p>5.304%</p> <p>5.46%</p>

*In case, where unitholders in this category is covered under section 115BAC of the Act, maximum surcharge rate above the taxable income of 5 crore, shall be considered as 25%.

Dividends:

For Non-Resident Unitholders, the TDS under section 194LBA of the Act will be 10% (plus applicable surcharge and education cess) on the amount of dividend paid by the Scheme during FY 2024-25 provided PAN is provided by the Unitholder / is available with Scheme as part of the Unitholder records.

If the PAN is not available / submitted / inoperative, TDS would be deducted at 20% as per section 206AA of the Act.

However, the aforesaid rate of 20% is subject to the provisions of Rule 37BC of the Income-tax Rules, 1962 ('the Rules'). Rule 37BC of the Rules provides that provisions of section 206AA of the Act shall not inter-alia apply in respect of payments in the nature of interest, dividends, etc. if the Non-Resident furnishes certain information. The Unitholder can provide such information as per the format attached as Annexure 1 along with supporting documentation. The category wise details of TDS are provided below:

Category of Unitholder (Non-Residents)	The income or the aggregate of such incomes paid or likely to be paid and subject to tax deduction	Effective tax rate (inclusive of surcharge & education cess) in case of Non-Residents
Individuals, Trusts, Body of Individuals, Association of Persons etc.	• is below fifty lakh rupees	10.40%
	• exceeds fifty lakh rupees does not exceed one crore rupees	11.44%
	• exceeds one crore rupees but does not exceed two crore rupees	11.96%
	• exceeds two crore rupees but does not exceed five crore rupees	13.00%
	• exceeds five crore rupees	14.248%*
Foreign Portfolio Investor ('FPI')/ Foreign Institutional Investor ('FI') set up as a Trust or an Association of Persons	• is below fifty lakh rupees	10.40%
	• exceeds fifty lakh rupees does not exceed one crore rupees	11.44%
	• exceeds one crore rupees but does not exceed two crore rupees	11.96%
	• exceeds two crore rupees but does not exceed five crore rupees	13.00%
	• exceeds five crore rupees	14.248%
	• is below one crore rupees	10.40%

Foreign firm/ Foreign limited liability partnership	<ul style="list-style-type: none"> exceeds one crore rupees 	11.648%
Foreign Company	<ul style="list-style-type: none"> is below one crore rupees exceeds one crore rupees but does not exceed 10 crores exceeds 10 crores 	10.40% 10.608% 10.92%

**In case, where unitholders in this category is covered under section 115BAC of the Act, maximum surcharge rate above the taxable income of 5 crore, shall be considered as 25%.*

As you will note from the above two tables, the rate of surcharge varies depending upon the aggregate income of a Non-Resident Unitholder. Please note that the Non-Resident Unitholder may provide a declaration of income for a particular FY (attached as Annexure 1) so that taxes may be withheld appropriately. In case no declaration is made, taxes would be deducted at the highest applicable rate.

Further, as per the provisions of Section 206AB of the Act, taxes are deductible at the higher of the following rates where the Unitholder is a 'specified person':

- twice the rate specified in the relevant provision of the Act i.e., twice the rate specified in Section 194LBA of the Act in the instant case;
- twice the rate or rates in force; or
- 5%.

As per provisions of section 206AB, for the FY 2024-25, 'specified person' means a person who has:

- not filed return of income for the previous FY for which the time limit for filing the return of income has expired; and
- been subjected to tax deduction / collection at source in aggregate amounting to ₹50,000 or more in the said FY; and

In accordance with the Circular No. 11 of 2021, determination of a Unitholder as 'specified person' shall be undertaken based on the new functionality made available on the Income tax reporting portal by the Central Board of Direct Taxes viz. "Compliance Check for Sections 206AB and 206CCA". The check shall be undertaken by Scheme on the record date. Accordingly, in case a Non-Resident Unitholder qualifies as a 'specified person' basis the aforesaid functionality, appropriate withholding of tax shall be made in accordance with provisions of Section 206AB of the Act by Scheme at the rate of 10% plus applicable surcharge and cess for interest payments and 20% plus applicable surcharge and cess for dividend payments.

1.3 Benefit of Double Taxation Avoidance Agreement ('DTAA') for payments made to Non-Resident Unitholder

Scheme is not commenting on the applicability or otherwise of the provisions of the DTAA as the tax withholding rates of 5%/10% (plus applicable surcharge and education cess) applicable to interest and dividend payments as per the Act is lower than rates typically prescribed in DTAA's entered with India.

1.4 Form 15G/15H

As per section 197A read with Rule 29C, Form 15G and 15H declaration is applicable when tax is deductible under sections 194 (Dividends), 194A (Interest other than interest on securities). Since the tax is deductible under section 194LBA of the Act, Form 15G and 15H is not applicable. Unitholders are requested NOT to furnish 15G/15H in respect of any distribution by Scheme.

1.5 For Unitholders having multiple accounts under different Status/ Category

Unitholders holding units under multiple accounts under different status / category and single PAN, may note that, higher of the tax rate as applicable to the status in which units are held under that PAN will be considered on their entire holding in different accounts.

2. Repayment of SPV level debt / Amortisation of debt

SPV loan amortization refers to repayment of loans by SPVs to Scheme. Currently, no tax is deductible on proceeds of SPV loan amortisation of debt paid by the Scheme to the Unitholders.

3. Other Income

Other Income refers to interest income earned by Scheme on fixed deposits and income earned on sale of mutual funds. The Scheme has paid taxes on such income. Such income is exempt in the hands of the Unitholders under section 10(23FD) and consequently, no tax is deductible on such income distributed by the Scheme.

4. Credit of taxes in the hands of the person in whose hand's income is assessable

As per section 199 of the Act, credit for tax deducted at source and paid to the Central Government in accordance with the provisions of the Act, shall be given to the person to whom payment has been made or credit has been given (i.e. the Unitholder) on the basis of information relating to deduction of tax furnished by the deductor (i.e. Scheme) to the Income-Tax Authority.

Where under any provisions of the Act, the whole or any part of the income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, credit for the whole or any part of the tax deducted at source, as the case may be, shall be given to the other person and not to the deductee. This is provided for under Rule 37BA(2) of the Rules.

In case the Unitholder is holding the units of the Scheme on behalf of another person in whose hands the income is assessable, then such Unitholder must provide the following to enable Scheme to report the tax deduction in the name of such other person:

- Declaration (refer to Annexure 2); and
- Attested copy of PAN of the Unitholder and the other person to whom credit for taxes is to be provided.

Please note that Scheme will not accept such declarations in Annexure 2 post 30 days from the end of the relevant financial year.

5. Other points attention of Unitholders':

- 5.1 Kindly note that the aforementioned documents, as applicable, are required to be emailed to the Scheme (distributions@propertyshare.in).
- 5.2 It may be further noted that in case the tax on income 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.
- 5.3 Please note that as per CBDT Notification No. 71 dated June 8, 2021, Scheme is mandatorily required to report the 'dividend' portion of the distribution made to Unitholders in its quarterly TDS return even though taxes are not required to be withheld on such dividend distribution. Accordingly, the TDS Certificates and Form 26AS will reflect the 'dividend' portion of the distribution made to Unitholder.

6. Disclaimers

- 6.1 The information provided in the above document sets out the tax aspects for the Unitholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of units under the Indian income-tax law currently prevalent in India. It is not exhaustive or comprehensive and does not and should not be deemed to constitute legal, financial or tax advice and we request investors to consult their own legal, financial or tax advisors. For any further tax related questions, an e-mail can be sent to the following e-mail address distributions@propertyshare.in quoting Name and PAN of the First Unitholder.
- 6.2 In view of the individual nature of tax consequences each investor is advised to consult his/her own tax advisor with respect to specific tax consequences. The above addresses aspects only from an Indian income-tax law perspective and we have relied upon the provisions of the Income-tax Act, 1961 and the Income tax Rules, 1962 and applicable notifications / circulars and administrative interpretations thereof, which are subject to change or modification by subsequent legislation or regulatory changes or administrative pronouncements or judicial decisions. This document will not be updated for any changes in tax law.

INCOME DECLARATION BY NON-RESIDENTS FOR WITHHOLDING OF TAXES

Sl. No	Particulars	Comments
1.	Name of the Assessee	
2.	Status (Corporate, Trust, individual etc.)	
3.	Permanent Account Number of the Assessee, if available	
4.	Tax Identification Number issued by the country of tax residence	
5.	Financial Year ('FY') for which the declaration is being made	2024-25
6.	Whether this is the first declaration being made for the financial year in question (please provide Yes/No answer only)	
7.	Residential Status for FY 2024-25	
8.	Country of residence for FY 2024-25	
9.	Copy of the Tax Residency Certificate, if available	
10.	Address in respect of country of residence	
11.	E-Mail Address	
12.	Phone Number	
13.	Estimated total income for FY 2024-25 in Indian Rupees	
14.	Whether opting for New Tax Regime u/s 115 BAC (1A) of the Income Tax Act, 1961? (Applicable for Individuals, Trusts, AOP (not being co- operative societies), BOI, Artificial Judicial Persons).	

 Signature of the Declarant

 Designation (if applicable)

DECLARATION/ VERIFICATION

I/We.....do hereby declare that to the best of my/our knowledge and belief what is stated above is correct, complete and is truly stated.

I/ We authorize you to withhold taxes at the applicable rates based on the income declaration provided.

I/ We acknowledge that in case taxes are short deduction on account of this declaration, I/ We would need to pay differential taxes along with appropriate interest to the credit of the Central Government and the Scheme would not be responsible for any such additional tax, interest or consequential penalties (as applicable).

I/ We acknowledge that in case any excess taxes are deducted based on this declaration, taxes withheld and paid to the credit of the Central Government will not be refunded or adjusted by the Scheme.

I/ We acknowledge that any change to above declaration within a particular financial year shall be intimated immediately to Scheme.

Place:

Date:

<This space has been intentionally left blank>

**DECLARATION UNDER SECTION 199 OF THE INCOME TAX ACT, 1961
READ WITH RULE 37BA OF THE INCOME TAX RULES, 1962**

1. Name and details of person includible in the total income of these persons:

Name and address of the person in whose hands the interest income is includible	PAN of person in whose hands the interest income is includible	Payments/Credit of interest in respect of which credit of TDS to be given (₹)	Residential status of person in whose hands the interest income is includible for FY 2024-25 (please tick the applicable option)		Reason
			<input type="checkbox"/>	<input type="checkbox"/>	
		TDS deducted under section 194LBA by Scheme	<input type="checkbox"/>	Resident	
			<input type="checkbox"/>	Non-Resident	

2. The certificate for deduction of tax at source shall be issued in the name of _____ as shown above.
3. This declaration shall be in force for the financial year 2024-25.

Signature of the declarant

<<insert name of declarant>>

VERIFICATION

We, <<insert name of declarant>> do hereby declare that to the best of our knowledge and belief what is stated above is correct, complete and is truly stated.

Verified Date:

Signature of the declarant

Place:

<<insert name of declarant>>