

UNITED BREWERIES LIMITED

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July 05, 2021

Dear Shareholder/Member,

Sub: **Communication in respect of deduction of tax at source on Dividend payout**

We are pleased to inform you that the Board of Directors of the Company at its Meeting held on April 27, 2021, have declared a dividend of Re.0.50 per equity share of face value of Re.1 each (i.e. 50%) for the financial year 2020-2021. The said dividend will be payable to those members whose names appear in the Register of Members of the company or in the records of the Depositories as beneficial owners of the shares as at the close of business hours on Friday, July 02, 2021.

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 April 1, 2020, dividend declared and paid by the Company is taxable in the hands of members and the Company is required to deduct tax at source (TDS) from dividend paid to the members at the applicable rates.

This communication summarizes applicable TDS provisions, as per the Income Tax Act, 1961, for Resident and Non-Resident shareholders.

For Resident shareholders:

Taxes shall be deducted at source under Section 194/206AA of the IT Act, as follows:

Shareholders having valid PAN/Filed Income Tax Returns	10% or as notified by the IT Act
Shareholders not having PAN/invalid PAN/Non-Filers of Income Tax Returns	20% or as notified by the IT Act

No tax shall be deducted on the dividend payable to a resident individual if-

- The total dividend to be received by them during financial year 2021-22 does not exceed Rs.5,000 and also in cases where Members provide Form 15G (applicable to individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax)/Form 15H (applicable to an individuals aged 60 years or more with no tax liability on total income) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower/NIL withholding tax. PAN is mandatory for members providing Form 15G/15H or any other document as prescribed. Tax would be NIL provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Company may at its sole discretion reject the form if it does not fulfil the requirement of law.
- Shareholders are requested to ensure 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 the higher rate of 20%.

- Insurance Companies (viz. LIC, GIC etc.), Mutual Funds and Alternative Investment Funds (incorporated in India), where required documents mentioned below, are received from them.

Category of Shareholders	Documents required to be submitted to ensure that no TDS is deducted from Dividend
Insurance Companies	<ol style="list-style-type: none"> 1. A self-declaration that they are covered by the second proviso to Section 194 of the IT Act and has full beneficial interest with respect to the shares owned by it; 2. Self-attested copy of registration certificate; and 3. Self-attested copy of PAN
Mutual Funds	<ol style="list-style-type: none"> 1. A self-declaration that they are governed by the provisions of Section 10(23D) of the IT Act; 2. Self-attested copy of registration certificate; and 3. Self-attested copy of PAN
Alternative Investment Funds (AIF)	<ol style="list-style-type: none"> 1. A self-declaration that the income of the AIF is exempt under Section 10(23FBA) of the Income-tax Act, 1961 and that they are governed as Category I or Category II AIF under the SEBI regulations; 2. Self-attested copy of registration documents; and 3. Self-attested copy of PAN
Other non-individual resident shareholders	<ol style="list-style-type: none"> 1. A self-declaration that dividend receivable by them is exempt from tax under Section 196 or other relevant provisions of the IT Act; and 2. Self-attested copies of documents in support of the claim.

- TDS to be deducted at higher rate in case of non-filers of Return of Income -
 - The Finance Act, 2021 has introduced new section 206AB which is effective from July 01, 2021. The provisions of section 206AB of the Act requires the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':
 - At twice the rate specified in the relevant provision of the Act; or
 - At twice the rates or rates in force; or
 - At the rate of 5%

The 'specified person' means a person who has:

- a) not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- b) subjected to tax deduction/collection at source in aggregate amounting to Rs.50,000 or more in each of such two immediate previous years

Non-residents who do not have the permanent establishment are excluded from the scope of specified person.

For filing Declaration for not applying TDS rate under Section 206AB of the Income Tax Act, a weblink <https://forms.office.com/r/fne9B86YeF> has been provided to give requisite details/response. Other forms can be uploaded on https://www.integratedindia.in/ExemptionFormSubmission_ubl.aspx. created under the member's portal our RTA's website.

For non-resident shareholders including Foreign Institutional Investors/Foreign Portfolio Investors (FIIs/FPIs)/NRIs, etcetera):

Tax is required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, 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 benefits under the DTAA, Non-Resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Income Tax authorities duly attested by the Member.
- Copy of Tax Residency Certificate (TRC) for financial year 2021-2022 obtained from the revenue authorities of the country of tax residence, duly attested by Member.
- Self-declaration in Form 10F.
- Self-declaration by the Member of having no permanent establishment in India in accordance with the applicable tax treaty.
- Self-declaration of beneficial ownership by the Non-Resident Member.
- Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by the Member.

In case of FIIs/FPIs, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess) unless proper documentation for lower withholding tax is made available.

The aforementioned documents duly completed and signed are required to be uploaded on the said webpage of members portal at our RTA's website:

https://www.integratedindia.in/ExemptionFormSubmission_ubl.aspx during the revised period commencing from July 05, 2021 and ending on July 24, 2021.

Documents already uploaded shall be considered valid if they are complete in all respects. In case of queries with respect to the process of uploading the said documents, members may write to the RTA at Email-ID blr@integratedindia.in ONLY. No communication would be accepted from Members after 6.00 p.m. on July 24, 2021 on withholding tax matters through Email or by Post. Please note that documents uploaded on the above webpage will only be considered for computation of withholding tax. Members may also note that any other method of submission of documents will not be considered valid for lower withholding tax, and the Company or the RTA will not be held responsible for deduction of tax at applicable rate.

In case the said documents are not received on or before July 24, 2021 or the documentation is incomplete, tax will be deducted on the dividend amount at applicable rates and no claim for refund will be entertained by the Company.

The Company will arrange to email a soft copy of TDS certificate to you at your updated registered email ID post completion of activities based on request received from shareholders/members on the Company's registered Email-ID ublinvestor@ubmail.com.

Members may note 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, option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.

Further, members who have not updated their **Know Your Customer** details like Email-ID, addresses, mobile nos. and PAN are requested to update with their relevant Depositories through their depository participants and with the RTAs also. Shareholders/members are further requested to complete necessary formalities with regard to their Bank accounts attached to their Demat account for enabling the Company to make timely credit of dividend in respective bank account especially in view of prevailing lock down due to COVID.

Disclaimer: *This Communication shall not be treated as an advice from the Company or its RTA, Integrated Registry Management Services Private Limited. Members should obtain the tax advice related to their tax matters from a tax professional.*

We request your cooperation in this regard.
