



IIFL HOME FINANCE LIMITED

CIN: U65993MH2006PLC166475

Regd. Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23,
MIDC, Thane Industrial Area, Wagle Estate, Thane – 400604, Maharashtra,
India. **Tel.:** +91 22 4103 5000; **Fax:** +91 22 2580 6654

Website: www.iiflhomeloans.com;

Email: secretarialhfc@iiflhomeloans.com

Subject: Intimation / communication in respect of deduction of Tax at Source (TDS) on interest payable on bonds issued by us with effect from April 01, 2023

Dear Investor,

Greetings from IIFL Home Finance Limited!!

This is to inform you that the interest payment on your Debentures has been due to be paid on January 01, 2025 and this is to note that the Finance Minister in the budget 2023-2024, has removed the exemption from tax deduction at source (TDS) on interest payment on listed debentures which was available under Section 193 of the Act. Hence, as per the Finance Act 2023, from April 1, 2023, interest on listed bonds (debentures) will attract TDS.

With these changes, we are required to deduct Tax at Source (TDS) on the interest payable to bondholders as per prescribed rates. The TDS rate may vary depending upon the availability of valid PAN, residential status, category of Bondholder, etc. and is subject to provision of requisite documents / declarations received by us. The rate of TDS, applicability of exemption (if any) along with documents required for various categories of bondholders is enumerated below –

A. Resident Bondholders:

Sr. No.	Particulars	Rate	Documents required
1.	Valid PAN updated with RTA / Depository Participant	10%	Bondholders can update valid PAN with the Depository Participant by submitting the copy of PAN / Email ID / Mobile Number before the record date so that TDS will be deducted at 10% (where applicable). Note - No deduction of tax would be made if the total interest income paid to a resident individual member during F.Y. is less than Rs. 5,000/- Once the limit exceeds, Company is liable to deduct TDS retrospectively.
2.	No / Invalid PAN with RTA / Depository Participant	20%	NA

3.	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the IT Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Copy of lower tax withholding certificate obtained from Income Tax Department
4.	An Person other than Firm & Company furnishing Form 15G/ 15H-	NIL	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Declaration in Form No. 15G (applicable to an all person other than individual who is greater than 60 years) / Form No. 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions. • This form can be submitted only in case the bondholder's tax on estimated total income for FY 2023-24 is Nil • Refer https://iifl.taxosmart.com/apiFilesController/downloadFile/15G for format of Form No.15G and https://iifl.taxosmart.com/apiFilesController/downloadFile/15H for format of Form No. 15H
5.	Bondholder covered u/s 196 of the Act such as Government, RBI, Mutual Funds Specified u/s 10(23D), corporations established by Central Act and exempt from Income Tax.	NIL	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Self-declaration along with the registration certificate substantiating applicability of section 196 of the IT Act.
6.	Category I and II Alternative Investment Fund (AIF) Category III AIF	NIL 10%	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Self-declaration that the person is covered by Notification No. 51/2015 dated 25th June 2015 and established as Category I or Category II AIF under the SEBI regulations along with registration certificate issued by SEBI. • This rate will be applicable for Category III AIF

7.	Any other entity exempt from withholding tax under the provisions of section 197A of the IT Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	NIL	<ul style="list-style-type: none"> • Self-attested copy of PAN card • Self-declaration that the person is covered under the provisions of section 197A of the IT Act (except for individual Sikkimese resident) • Submit declaration in case of individual Sikkimese resident. Adequate documentary evidence, substantiating the type of the entity. • Copy of the lower tax withholding certificate obtained from Income Tax Department (except those covered by Circular 18/2017)
----	--	-----	---

B. Non-Resident Bondholders:

Sr. No.	Category	Withholding tax rate	Declaration / documents required
1	Non-resident Bondholders (except those who are tax residents of Notified Jurisdictional Area)	30% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none"> 1. Self-attested copy of PAN card (if available) 2. Copy of Tax Residency certificate issued by revenue authority of country of residence of Bondholder for the Calendar Year 2023/ financial year 2022-2023 (covering the period from April 1, 2023 to March 31, 2024) 3. Self-attested copy of Form 10F submitted at Income Tax Portal if all the details required in this form are not mentioned in the TRC 4. Self-declaration for non-existence of permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on bondholder's letterhead] , <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the us, of the documents submitted by the non-resident Bondholders. In case the documents are</p>

			found to be incomplete, we reserves the right to not consider the tax rate prescribed under the tax treaty).
2	Non-Resident Bondholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act	30%	NA
3	Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the IT Act	NIL	<ul style="list-style-type: none"> • Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the IT Act issued by the Government of India. • Self-Declaration, that the conditions specified in section 10(23FE) have been duly complied with
4	Wholly owned Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the IT Act	NIL	Self-Declaration, substantiating the fulfilment of conditions prescribed under section 10(23FE) of the IT Act
5	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 195 or 197 of the IT Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	Copy of the lower tax withholding certificate obtained from Income Tax Department

Notes:

- a. The aforesaid requisite documents as applicable to your case can be uploaded on the link <https://iifl.taxosmart.com/HomeLoan.jsp> on or before **Tuesday, December 24, 2024** or any other date to be specified by us as Record Date when such date is finalized. Where copies of the documents are required, such copies should be self-attested by the bondholder or its authorized signatory. **Please note that once the documents have been submitted & received by us are verified & confirmation has been given for its acceptance for a particular Financial Year, you are not required to submit the documents again for the said Financial Year.**
- b. Please note that all forms/ declarations submitted are valid for the Financial Year for which it has been issued. Hence, you are requested to submit appropriate forms for Financial Year 2024-25. The documents furnished by the bondholders (such as Form 15G/15H, TRC, Form 10F, Self-Attested Declaration, etc.) shall be subject to review and examination by the us / RTA before granting any beneficial rate or NIL Rate. We reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete. In such cases, we reserves the rights to rely on its independent assessment and deduct tax at higher rates as per applicable provisions.
- c. As per the provisions of Section 206AB of the Act, if any TDS is deductible from a “specified person”, then, TDS would be deducted at higher of the following rates-
 - (a) Twice the rate specified in the relevant provision of the Act;
 - (b) Twice the rate or rates in force;
 - (c) At the rate of 5%.

For the above purpose, “specified person” means a person, being a resident or a non-resident having a Permanent Establishment (PE) in India,-

- (i) 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 this purpose, the assessment year would be reckoned to be the one for which time limit for filing Return of Income under sub-section (1) of section 139 has expired; and
- (ii) The aggregate of TDS/TCS deducted/collected in the case of such person is Rs. 50,000 or more in the above referred previous year.

Accordingly, if, at the time of deducting TDS, the status of a resident Bondholder or a non- resident Bondholder (having a PE in India), as shown by the system of the Income-tax Department, is a “specified person”, TDS would be deductible at twice the normally applicable rate or 5%, whichever is higher.

Further, if owing to non-availability of PAN of a bondholder who is a “specified person” under section 206AB of the Act, the provisions of section 206AA are also applicable, TDS would be deductible at the rate applicable under section 206AA or under section 206AB of the Act, whichever is higher.

In the cases of resident bondholders, if PAN of a Bondholder is not updated, it shall be assumed that the Bondholder is a “specified person” for the purpose of section 206AB of the Act and TDS would be regulated accordingly.

It may be noted that, the provisions of Section 206AB shall not be applicable in the cases of non-resident bondholders not having a PE in India. For this purpose, the expression PE (i.e., permanent establishment) includes a fixed place of business through which the business of the non-resident is wholly or partly carried on.

Thus, if a non-resident bondholder, who is otherwise liable for higher TDS under Section 206AB, submits a duly signed and verified declaration confirming that he/she does not have a PE in India, the provisions of Section 206AB would not come into play and TDS would be deductible at the normally applicable rate. In absence of such a declaration, TDS would be regulated as per the provisions of section 206AB of the Act.

- d. Further as per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhar, shall be required to link the PAN with Aadhar. In case of failure to comply to this, the PAN allotted shall be deemed to be invalid/ inoperative and he shall be liable to all consequences under the Act and tax shall be deducted at higher rates as prescribed under the Act.
- e. In case of tax deducted at a higher rate, the bondholder shall have the option to file return of income and claim appropriate refund from the Income Tax Authority. No claim shall lie against the us for the taxes deducted.
- f. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Bondholder, the bondholder will be responsible to indemnify us and also, provide us with all information / documents and co-operation in any tax proceedings.
- g. In case interest income is assessable in the hands of person other than member, then declaration (<https://iifl.taxosmart.com/apiFilesController/downloadFile/37BA-IIFL-HomeLoan>) needs to be provided by member for the same as per Rule 37BA of the Income Tax Rules, 1962.
- h. TDS certificate shall be dispatched to respective bondholders post payment of the interest. However bondholders may download the tax credit statement from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).

This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of interest payment on Bonds. Bondholders should consult their tax advisors for requisite action to be taken by them.

Thanking you and assuring you of our best services.

Yours faithfully,
IIFL Home Finance Limited
Compliance Team