

Dear Unitholder,

**Subject: Declarations for withholding purposes applicable for FY 2024-25**

We would like to draw your attention to the fact that the Securities and Exchange Board of India (SEBI) has, through its Consultation Paper dated May 9, 2024, invited public feedback, opinions, and suggestions on its proposal to shorten the distribution timeline for REIT/InvIT to five business days from the declaration date. This initiative is anticipated to enhance the efficiency of the distribution process and ensure that investors receive funds within a significantly reduced timeframe.

The SEBI approved the aforementioned proposal to facilitate ease of doing business related to activities of InvITs and REITs vide its 206<sup>th</sup> meeting bearing Press Release No. 12/2024.

In relation to this, should you be entitled to certain exemptions specified by the Act, or if you have received certificates for a lower withholding tax rate, please provide the required declarations and the corresponding documentary evidence (detailed below) without delay. This is to ensure that the benefits of no tax or a reduced tax rate can be applied when calculating withholding taxes.

1 Resident

Individual unitholder shall submit declaration of tax residency as per the format attached as **Appendix 1**.

For Mutual Funds, declaration to be provided as per attached **Appendix 2** that they are eligible for exemption under section 10(23D) of the Act along with supporting documents.

For Alternative Investment Fund established/ incorporated in India, declaration to be provided as per attached **Appendix 3** 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.

Any unitholders who are exempt from the provisions of TDS shall submit self-declaration as per attached **Appendix 4** along with self-attested copy of PAN and documentary evidence for claiming the TDS exemption.

A corporation established by or under a Central Act which is, under any law for time being in force, exempt from income-tax on its income shall provide declaration as per attached **Appendix 5** that income from NHIT shall be exempt along with registration/ exemption certificate issued by the regulating authority.

2. Non-resident (other than individuals)

Unitholder shall submit declaration of tax residency as per the format attached as **Appendix 6**.

3. Non-resident Individuals

Non-resident individual unitholder shall submit declaration of tax residency as per the format attached as **Appendix 7**.

Please note that withholding tax rates shall be subject to the provisions of section 206AA and section 206AB of the Income-tax Act, 1961 ('the Act'). Where PAN is not available or is invalid, withholding shall be done at higher rate of the following rates in accordance with section 206AA of the Act.

- (i) at the rate specified in section 194LBA and section 195 of the Act; or
- (ii) at the rate or rates in force; or

(iii) at the rate of 20%

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'<sup>1</sup>:

- twice the rate specified in Section 194LBA and section 195 of the Act; or
- twice the rate or rates in force; or
- 5%

#### **Nil or lower withholding tax certificates**

NHIT may consider nil/ lower WHT certificate obtained in accordance with provisions of section 197 of the Act which are valid for distributions from 01 April 2024 to 31 March 2025, while determining WHT liability for distributions.

Unitholders are requested to furnish Nil/ lower WHT certificates as may be applicable in respect of any distribution by NHIT.

#### **Transfer of credit of taxes deducted to any other person(s) in whose hands 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 registered unitholder based on details of deduction of tax by NHIT as furnished 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, the credit of whole or any part of TDS, as the case may be, shall be given in name of the other person based on declaration furnished by the registered unitholder to this effect. This is provided as per Rule 37BA(2) of the Income Tax Rules, 1962.

Accordingly, in case the unitholder is holding the units of the NHIT on behalf of another person ('Declared Person') in whose hands the income is assessable, then the unitholder must provide the following to enable NHIT to report the tax deduction in the name of such other person:

- Declaration to be given as per **Appendix 8**; and
- Attested copy of PAN of the Unitholder and the Declared Person to whom credit for taxes is to be provided.

The check for compliance with section 206AB of the Act shall be undertaken with respect to the PAN of Declared Person. Declaration shared on or after **14<sup>th</sup> November, 2024** shall not be taken into consideration for transfer of credit of taxes deducted.

Please be aware that any declarations submitted for the current distribution will be deemed valid for all future distributions made by NHIT throughout the fiscal year 2024-25, unless a new declaration is submitted by the Unitholder for subsequent distributions. Should there be any alterations to the information provided in the declaration, it is imperative that these changes are promptly communicated

<sup>1</sup> As per provisions of section 206AB of the Act, 'Specified person' means a person who:

- (i) has not furnished the return of income for the previous year immediately preceding the previous year in which the tax is required to be deducted, for which time-limit of furnishing the return of income u/s 139(1) has expired; and
- (ii) the aggregate of tax deducted at source and tax collected at source in his case is INR 50,000 or more in the said previous year  
Provided that the specified person shall not include a non-resident who does not have a permanent establishment in India.

The above provisions shall not be applicable in case of –

- (i) a non-resident not having a permanent establishment in India; or
- (ii) 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.

to NHIT to ensure accurate withholding of taxes. A new declaration will supersede the previous one, and tax withholding will be adjusted accordingly.

It is important to verify that all information sent to NHIT at the email address [nhit@nhit.co.in](mailto:nhit@nhit.co.in) is complete and current, as needed. Please send your email by the deadline of **14<sup>th</sup> November, 2024**. Be advised that any documents or emails received after **14<sup>th</sup> November, 2024** will only be taken into account for the subsequent distribution payout.

We look forward to your co-operation.

Thanking You,

Your faithfully,

**For and on behalf of National Highways Infra Investment Managers Private Limited  
(in its capacity as Investment Manager to National Highways Infra Trust)**

  
**Authorised Signatory**



*Note: A copy of the above communication is available on the NHIT's website – <https://nhit.co.in/reports/>*