

Frequently Asked Questions on Taxation - NHIT

Compilation of Frequently Asked Questions ('FAQs') on the Income-tax treatment on distribution of income by National Highways Infra Trust ('NHIT') in the hands of the Unitholders under the Income-tax Act, 2025 ('the Act') read with the Income Tax Rules, 2026 ('the Rules') [collectively hereinafter referred to as 'Indian income-tax law']

Applicable for Tax Year ('TY') 2026-27¹

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BY READING THESE FAQs THE RECIPIENT ACKNOWLEDGES THAT THE RECIPIENT WILL BE SOLELY RESPONSIBLE FOR ITS OWN ASSESSMENT OF TAX POSITION OF THE UNITS HELD IN NHIT. THESE FAQs MAY NOT BE ALL INCLUSIVE AND MAY NOT CONTAIN ALL OF THE INFORMATION THAT THE RECIPIENT CONSIDERS MATERIAL. THIS DOCUMENT IS TO BE READ ALONG WITH ALL DISCLAIMERS FORMING PART OF THE DOCUMENT.

S. No.	Queries	Response
1	What will be the nature of distributions made by NHIT	<p>Distributions to the Unitholders of NHIT can be characterized as follows:</p> <ul style="list-style-type: none">(i) dividend, or(ii) interest, or(iii) treasury income or any other income (such as interest on fixed deposits, mutual funds, capital gains etc); or(iv) specified sum (refer Note 1 below)(v) a combination of any of the above receipts <p><i>Note 1: Computation of "specified sum" shall be the result of 'A-B-C' where:</i></p> <p><i>'A' = Cumulative distribution made by trust till date excluding the amount distributed in the nature of dividend, interest or rental income or any amount taxed/taxable in the hands of NHIT</i></p> <p><i>'B' = Issue price of such units</i></p> <p><i>'C' = Amount charged to tax under this provision in earlier years</i></p> <p><i>Specified sum shall be deemed to be zero if 'A-B-C' results in negative value.</i></p>

¹ As amended vide Finance Act, 2026

S. No.	Queries	Response										
		In accordance with the provisions of Section 223 of the Act, any distribution made to the Unitholder by NHIT shall be deemed to be of the same nature and in the same proportion in the hands of the Unitholder, as it had been received by or accrued to NHIT.										
2	What are the different types of incomes which will be earned by NHIT and its taxability in the hands of NHIT	<table border="1" data-bbox="880 403 2074 746"> <thead> <tr> <th data-bbox="880 403 1655 435">Nature of Income</th> <th data-bbox="1655 403 2074 435">Taxability in hands of NHIT</th> </tr> </thead> <tbody> <tr> <td data-bbox="880 435 1655 512">Interest income earned by NHIT from underlying Special Purpose Vehicle ('SPV')</td> <td data-bbox="1655 435 2074 512">Exempt</td> </tr> <tr> <td data-bbox="880 512 1655 588">Dividend income earned by NHIT from underlying SPV, where SPVs <u>have not opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1655 512 2074 588">Exempt</td> </tr> <tr> <td data-bbox="880 588 1655 665">Dividend income earned by NHIT from underlying SPVs, where SPVs <u>have opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1655 588 2074 665">Exempt</td> </tr> <tr> <td data-bbox="880 665 1655 746">Any other income earned by NHIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)</td> <td data-bbox="1655 665 2074 746">Taxable at MMR</td> </tr> </tbody> </table> <p data-bbox="880 778 2074 898"><i>Note 1:</i> MMR or Maximum Marginal Rate has been defined as the rate of income-tax (including surcharge and cess on income-tax, if any) applicable in relation to the highest slab of income in the case of an individual, association of persons or, as the case may be, body of individuals as specified in the Finance Act of the relevant year.</p> <p data-bbox="880 930 2074 991"><i>Note 2:</i> Amount of loan, if any, repaid by SPV to NHIT is not considered as income in the hands of NHIT and accordingly, is not chargeable to tax in the hands of NHIT.</p>	Nature of Income	Taxability in hands of NHIT	Interest income earned by NHIT from underlying Special Purpose Vehicle ('SPV')	Exempt	Dividend income earned by NHIT from underlying SPV, where SPVs <u>have not opted</u> for the tax regime under section 200 of the Act	Exempt	Dividend income earned by NHIT from underlying SPVs, where SPVs <u>have opted</u> for the tax regime under section 200 of the Act	Exempt	Any other income earned by NHIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Taxable at MMR
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3	What is the difference between exempt dividend and taxable dividend, as may be received by the Unitholders from NHIT?	<p data-bbox="880 1027 2074 1118">Section 200 of the Act provides an option for companies incorporated in India to avail the benefit of a reduced corporate tax rate of 22% (plus applicable surcharge and cess) as against the existing rates of 25% or 30% (plus applicable surcharge and cess).</p> <p data-bbox="880 1150 2074 1270">Taxability of dividend (including the amount received from NHIT pursuant to shares bought-back by the underlying SPVs) in hands of the Unitholders is dependent on, if the underlying SPV, from which NHIT has received dividends, has opted for the tax regime under Section 200 of the Act. Accordingly, dividend distributions made by NHIT can be split into two categories: (i) exempt dividend (ii) taxable dividend.</p> <p data-bbox="880 1302 2074 1422">(i) <i>Exempt dividend:</i> Where the dividend has been received by NHIT from the underlying SPV (which has not opted for the tax regime under section 200 of the Act) and distributed to the Unitholders by NHIT, then such dividend received by the Unitholders from NHIT is exempt from tax. Further, no withholding tax ('WHT') shall be deducted by NHIT in such a case.</p>										

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		<p>(ii) <i>Taxable dividend</i>: Where the dividend has been received by NHIT from the underlying SPV (which has opted for the tax regime under section 200 of the Act) and distributed to the Unitholders by NHIT, then such dividend received by the Unitholders shall be taxable in hands of the Unitholders. Consequently, NHIT will be required to withhold taxes in accordance with the applicable law.</p> <p>Please note that the underlying SPV of NHIT has opted for the tax regime under section 200 of the Act. Accordingly, further distribution of dividend received from underlying SPV, by NHIT to the Unitholders may be taxable in the hands of such Unitholder.</p>														
4	What is the taxability of different streams of income distributed by NHIT in the hands of the following Unitholders?	Taxability of different streams of income in the hands of the Unitholders have been provided below:														
	(a) In case of Resident Unitholders	<table border="1"> <thead> <tr> <th data-bbox="880 710 1601 770">Nature of Income</th> <th data-bbox="1601 710 1995 770">Taxability in the hands of Resident Unitholders</th> </tr> </thead> <tbody> <tr> <td data-bbox="880 770 1601 858">Distribution of interest income earned by NHIT from underlying SPV</td> <td data-bbox="1601 770 1995 858">Taxable at applicable rates</td> </tr> <tr> <td data-bbox="880 858 1601 970">Distribution of dividend income earned by NHIT from underlying SPVs, where SPVs have <u>not opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1601 858 1995 970">Exempt</td> </tr> <tr> <td data-bbox="880 970 1601 1082">Distribution of dividend income earned by NHIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1601 970 1995 1082">Taxable at applicable rates</td> </tr> <tr> <td data-bbox="880 1082 1601 1177">Distribution of any other income earned by NHIT, and which is taxable in the hands of NHIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)</td> <td data-bbox="1601 1082 1995 1177">Exempt</td> </tr> <tr> <td data-bbox="880 1177 1601 1257">Distribution of specified sum (refer Note 1 below) by NHIT which is not covered above</td> <td data-bbox="1601 1177 1995 1257">Taxable at applicable rates</td> </tr> <tr> <td data-bbox="880 1257 1601 1409">Distribution of specified sum, to the extent not chargeable to tax under section 92(2)(k) of the Act, by NHIT which is not covered above (refer Note 1 and Note 2 below)</td> <td data-bbox="1601 1257 1995 1409">To be reduced from cost of acquisition of units for the purpose of computation of capital gains</td> </tr> </tbody> </table>	Nature of Income	Taxability in the hands of Resident Unitholders	Distribution of interest income earned by NHIT from underlying SPV	Taxable at applicable rates	Distribution of dividend income earned by NHIT from underlying SPVs, where SPVs have <u>not opted</u> for the tax regime under section 200 of the Act	Exempt	Distribution of dividend income earned by NHIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 200 of the Act	Taxable at applicable rates	Distribution of any other income earned by NHIT, and which is taxable in the hands of NHIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Exempt	Distribution of specified sum (refer Note 1 below) by NHIT which is not covered above	Taxable at applicable rates	Distribution of specified sum, to the extent not chargeable to tax under section 92(2)(k) of the Act, by NHIT which is not covered above (refer Note 1 and Note 2 below)	To be reduced from cost of acquisition of units for the purpose of computation of capital gains
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		<p><i>Note 1: Computation of “specified sum” shall be the result of ‘A-B-C’ where: ‘A’ = Cumulative distribution made by trust till date excluding the amount distributed in the nature of dividend, interest or rental income or any amount taxed/taxable in the hands of NHIT ‘B’ = Issue price of such units ‘C’ = Amount charged to tax under this provision in earlier years</i></p> <p><i>Specified sum shall be deemed to be zero if ‘A-B-C’ results in negative value.</i></p> <p><i>Note 2: Distributions by NHIT in the nature of Repayment of SPV debt can be considered as specified sum for the purpose of section 92(2)(k) of the Act.</i></p>														
	<p>(b) In case of Non- resident Unitholders</p>	<table border="1"> <thead> <tr> <th data-bbox="878 619 1599 683">Nature of Income</th> <th data-bbox="1599 619 1995 683">Taxability in the hands of Non- resident Unitholders</th> </tr> </thead> <tbody> <tr> <td data-bbox="878 683 1599 775">Distribution of interest income earned by NHIT from underlying SPV</td> <td data-bbox="1599 683 1995 775">Taxable at concessional rate of 5% (plus applicable surcharge and cess)</td> </tr> <tr> <td data-bbox="878 775 1599 868">Distribution of dividend income earned by NHIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1599 775 1995 868">Exempt</td> </tr> <tr> <td data-bbox="878 868 1599 960">Distribution of dividend income earned by NHIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1599 868 1995 960">Taxable at 20% (plus applicable surcharge and cess)</td> </tr> <tr> <td data-bbox="878 960 1599 1053">Distribution of any other income earned by NHIT, and which is taxable in the hands of NHIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)</td> <td data-bbox="1599 960 1995 1053">Exempt</td> </tr> <tr> <td data-bbox="878 1053 1599 1145">Distribution of specified sum (refer Note 3 below) by NHIT which is not covered above</td> <td data-bbox="1599 1053 1995 1145">Taxable at applicable rates</td> </tr> <tr> <td data-bbox="878 1145 1599 1308">Distribution of specified sum, to the extent not chargeable to tax under section 92(2)(k) of the Act, by NHIT which is not covered above (refer Note 3 and Note 4 below)</td> <td data-bbox="1599 1145 1995 1308">To be reduced from cost of acquisition of units for the purpose of computation of capital gains</td> </tr> </tbody> </table> <p><i>Note 1: For applicable surcharge rates and cess, please refer Question 20.</i></p>	Nature of Income	Taxability in the hands of Non- resident Unitholders	Distribution of interest income earned by NHIT from underlying SPV	Taxable at concessional rate of 5% (plus applicable surcharge and cess)	Distribution of dividend income earned by NHIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 200 of the Act	Exempt	Distribution of dividend income earned by NHIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 200 of the Act	Taxable at 20% (plus applicable surcharge and cess)	Distribution of any other income earned by NHIT, and which is taxable in the hands of NHIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Exempt	Distribution of specified sum (refer Note 3 below) by NHIT which is not covered above	Taxable at applicable rates	Distribution of specified sum, to the extent not chargeable to tax under section 92(2)(k) of the Act, by NHIT which is not covered above (refer Note 3 and Note 4 below)	To be reduced from cost of acquisition of units for the purpose of computation of capital gains
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		<p><i>Note 2: Please note that the aforementioned rates are as per the provisions of the Act. Unitholders are advised to independently evaluate any impact under the relevant Double Tax Avoidance Agreement ('DTAA') in consultation with their tax advisors.</i></p> <p><i>Note 3: Computation of "specified sum" shall be the result of 'A-B-C' where: 'A' = Cumulative distribution made by trust till date excluding the amount distributed in the nature of dividend, interest or rental income or any amount taxed/taxable in the hands of NHIT 'B' = Issue price of such units 'C' = Amount charged to tax under this provision in earlier years</i></p> <p><i>Specified sum shall be deemed to be zero if 'A-B-C' results in negative value.</i></p> <p><i>Note 4: Distributions by NHIT in the nature of Repayment of SPV debt can be considered as specified sum for the purpose of section 92(2)(k) of the Act.</i></p>										
5	<p>What is the withholding obligation on distribution of different streams of income by NHIT for the following Unitholders:</p>	<p>As per the provisions of section 393(1)[Table: S.No. 4(ii)], 393(2)[Table: S.No.6 & 7], 393(4)[Table: S.No. 5, 13] of the Act, dividend and interest income earned by InvIT from the underlying SPVs and distributed to the Unitholders shall be subject to withholding of taxes.</p> <p>Please note that reliance will be made on the BENPOS report and declaration/ documents obtained from the Unitholders, with respect to details of residential status of the Unitholders (i.e., resident or non-resident) and the category of Unitholders (i.e., individual, body corporate, firm, trust, etc.).</p> <p>WHT rates on distribution by NHIT on different stream of income has been provided below:</p>										
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	(b) In case of Non- resident Unitholders	<table border="1"> <thead> <tr> <th data-bbox="880 694 1601 742">Nature of Income</th> <th data-bbox="1601 694 1995 742">WHT rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="880 742 1601 805">Distribution of interest income earned by NHIT from underlying SPV</td> <td data-bbox="1601 742 1995 805">5% (plus applicable surcharge and cess)</td> </tr> <tr> <td data-bbox="880 805 1601 901">Distribution of dividend income earned by NHIT from underlying SPV, where the SPV <u>have not opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1601 805 1995 901">Nil</td> </tr> <tr> <td data-bbox="880 901 1601 997">Distribution of dividend income earned by NHIT from underlying SPV, where the SPV <u>have opted</u> for the tax regime under section 200 of the Act</td> <td data-bbox="1601 901 1995 997">10% (plus applicable surcharge and cess)</td> </tr> <tr> <td data-bbox="880 997 1601 1093">Distribution of any other income earned by NHIT, and which is taxable in the hands of NHIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)</td> <td data-bbox="1601 997 1995 1093">No withholding obligation on NHIT</td> </tr> <tr> <td data-bbox="880 1093 1601 1189">Distribution of specified sum* (as referred in Question 1 above) by NHIT which is not covered above</td> <td data-bbox="1601 1093 1995 1189">Tax rates as may be applicable (inclusive of applicable surcharge and cess)</td> </tr> </tbody> </table> <p data-bbox="880 1189 2022 1252">*Distributions by NHIT in the nature of Repayment of SPV debt can be considered as specified sum for the purpose of section 92(2)(k) of the Act.</p> <p data-bbox="880 1276 2094 1426"><i>Note 1: In a ruling in case of PILCOM vs. C.I.T. West Bengal-VII (Civil Appeal no. 5749 of 2012), the Hon'ble Supreme Court ('SC') has endorsed payer's liability to <u>deduct tax under special provisions</u> provided under the Act <u>without reference to DTAA</u> benefit. SC has held that the obligation to withhold taxes under the special provisions of the Act is not affected by the DTAA. However, the benefit of the DTAA can be considered by the payee and if found valid, the taxes withheld can be claimed as a refund with interest. Owing to the said SC ruling,</i></p>		Nature of Income	WHT rate	Distribution of interest income earned by NHIT from underlying SPV	5% (plus applicable surcharge and cess)	Distribution of dividend income earned by NHIT from underlying SPV, where the SPV <u>have not opted</u> for the tax regime under section 200 of the Act	Nil	Distribution of dividend income earned by NHIT from underlying SPV, where the SPV <u>have opted</u> for the tax regime under section 200 of the Act	10% (plus applicable surcharge and cess)	Distribution of any other income earned by NHIT, and which is taxable in the hands of NHIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)	No withholding obligation on NHIT	Distribution of specified sum* (as referred in Question 1 above) by NHIT which is not covered above	Tax rates as may be applicable (inclusive of applicable surcharge and cess)
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		<p><i>please note that NHIT shall carry out the WHT obligations as per Sl. No. 6 and 7 of table under section 393(2) of the Act in respect of distributions made to Non-resident Unitholders.</i></p> <p><i>Note 2: For applicable surcharge rates and cess, please refer Question 20. Additionally, please note that the surcharge on dividend income distributed to Individuals, HUFs, Trusts, AOPs, and BOIs will be restricted to 15%.</i></p>
6	<p>Is there any exemption available for Alternate Investment Funds ('AIF') from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?</p>	<p>Central Government vide Central Board of Direct Taxes ('CBDT') notification No.51/2015 dated 25th June 2015 has granted Tax deducted at Source ('TDS') exemption on all incomes other than business profits received by Category I and II AIFs.</p> <p>NHIT shall not deduct taxes where the Unitholder provides requisite declarations along with eligible registration certificate/ notification as AIF Category I or II.</p> <p><i>Note 1: Please refer Appendix-2 for declarations.</i></p>
7	<p>Is there any exemption available for Mutual Funds from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?</p>	<p>As per the S. No. 20 and 21 of Table provided in Schedule VII of the Act, any income of a Mutual Fund registered under the Securities and Exchange Board of India Act ('SEBI'), 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorized by the Reserve Bank of India ('RBI') is exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.</p> <p>Further, as per the provisions of section 393(5) of the Act, no deduction of tax shall be made on any sum payable to a Mutual Fund specified at S. No. 20 and 21 of the aforesaid Table.</p> <p>NHIT shall not deduct taxes where Unitholders provide requisite declarations along with eligible registration certificate from SEBI/ RBI/ other relevant authority.</p> <p><i>Note 1: Please refer Appendix-2 for declarations.</i></p>
8	<p>Is there any exemption available for Corporation established by or under a Central Act from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?</p>	<p>As per the provisions of section 393(5) of the Act, any sum payable to any corporations established by or under a Central Act which is exempt from income tax on its income, shall not be subject to withholding of taxes.</p> <p>NHIT shall not deduct taxes where Unitholders provide requisite declarations along with eligible registration certificate from relevant authority.</p> <p><i>Note 1: Please refer Appendix-2 for declarations.</i></p>

S. No.	Queries	Response												
9	What will be the taxability in case of sale of units of NHIT?	<p>Assuming that the units of NHIT are held by unit holder as a capital asset, gains/ (loss) on such sales shall be treated as capital gains/ (loss) and will be subject to the following tax rates depending on the period of holding:</p> <table border="1" data-bbox="880 336 2096 528"> <thead> <tr> <th data-bbox="880 336 1144 368">Nature of Gains</th> <th data-bbox="1144 336 1386 368">Period of Holding</th> <th data-bbox="1386 336 1718 368">Relevant section in the Act</th> <th data-bbox="1718 336 2096 368">Tax Rates</th> </tr> </thead> <tbody> <tr> <td data-bbox="880 368 1144 464">Long term Capital Gains ('LTCG')</td> <td data-bbox="1144 368 1386 464">Units are held for more than 12 months</td> <td data-bbox="1386 368 1718 464">Section 198</td> <td data-bbox="1718 368 2096 464">12.5% (plus applicable surcharge and cess) without indexation*</td> </tr> <tr> <td data-bbox="880 464 1144 528">Short term Capital Gains ('STCG')</td> <td data-bbox="1144 464 1386 528">Units are held for upto 12 months</td> <td data-bbox="1386 464 1718 528">Section 196</td> <td data-bbox="1718 464 2096 528">20% (plus applicable surcharge and cess) without indexation</td> </tr> </tbody> </table> <p><i>*On the gains exceeding INR 1,25,000.</i></p> <p><i>Note 1: Please note that the aforementioned rates/ positions are as per the provisions of the Act. Unitholders are advised to independently evaluate any tax benefits under the relevant DTAA in consultation with their tax advisors.</i></p> <p><i>Note 2: Please note that given rates are applicable in case the units are transacted through a recognized stock exchange and such transfer of units is subject to payment of securities transaction tax ('STT').</i></p> <p><i>Note 3: Please note that any gain/ (loss) in the hands of Unitholder, being domestic company, on transfer of units of NHIT shall be subject to Minimum Alternate Tax ('MAT') provisions under section 206 of the Act.</i></p> <p><i>Note 4: In case the units of NHIT are held as stock-in-trade by the Unitholders, gains on sale of such units by the Unitholders shall be taxable as business income. The implications under MAT provisions will continue to remain same as discussed in Note 3 above.</i></p> <p><i>Note 5: For the purpose of computation of capital gains on sale of units of NHIT, consideration received on sale of units of NHIT shall be reduced by cost of acquisition of such units and expenditure incurred wholly and exclusively in connection with such sale.</i></p> <p><i>If a unit holder receives any amount from a business trust with respect to a unit that is not in the nature of income under Schedule V (Table: Sl. No. 3 or 4) and is not chargeable to tax under section 92(2)(k) or 223(2), then,—</i> <i>(a) such amount shall be reduced from the cost of acquisition of such unit; and</i> <i>(b) if the transaction of transfer of a unit is not considered as transfer under section 70 and cost of acquisition of such unit is determined under section 73, the amount received with respect to such unit before as well as after such transaction, shall be reduced from the cost of acquisition.</i></p> <p><i>Investors are advised to consult their tax advisor for computation of capital gains including cost of acquisition of units as per Indian tax laws in each case.</i></p>	Nature of Gains	Period of Holding	Relevant section in the Act	Tax Rates	Long term Capital Gains ('LTCG')	Units are held for more than 12 months	Section 198	12.5% (plus applicable surcharge and cess) without indexation*	Short term Capital Gains ('STCG')	Units are held for upto 12 months	Section 196	20% (plus applicable surcharge and cess) without indexation
Nature of Gains	Period of Holding	Relevant section in the Act	Tax Rates											
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Short term Capital Gains ('STCG')	Units are held for upto 12 months	Section 196	20% (plus applicable surcharge and cess) without indexation											

S. No.	Queries	Response															
10	Will there be a requirement for Non-Resident Unitholder to file Income tax returns in India?	Investors are advised to consult their own consultants with respect to the specific tax implications/ compliances/ consequences in this regard.															
11	When will TDS certificate or WHT certificates be issued to the Unitholders?	<p>TDS Certificates in Form 131 shall be issued to the Unitholders on quarterly basis in accordance with the timelines prescribed under Indian income-tax laws. In this regard, please note the following:</p> <table border="1"> <thead> <tr> <th>Quarter in which distributions are made</th> <th>Due date of filing of TDS return</th> <th>Timeline for issue of TDS Certificates</th> </tr> </thead> <tbody> <tr> <td>April to June</td> <td>On or before 31 July</td> <td>On or before 15 August</td> </tr> <tr> <td>July to September</td> <td>On or before 31 October</td> <td>On or before 15 November</td> </tr> <tr> <td>October to December</td> <td>On or before 31 January</td> <td>On or before 15 February</td> </tr> <tr> <td>January to March</td> <td>On or before 31 May</td> <td>On or before 15 June</td> </tr> </tbody> </table>	Quarter in which distributions are made	Due date of filing of TDS return	Timeline for issue of TDS Certificates	April to June	On or before 31 July	On or before 15 August	July to September	On or before 31 October	On or before 15 November	October to December	On or before 31 January	On or before 15 February	January to March	On or before 31 May	On or before 15 June
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January to March	On or before 31 May	On or before 15 June															
12	How can Unitholders request for TDS Certificate in case the same are not received?	In that case, please send us a request on the following email ID: nhit@nhit.co.in															
13	By when will the Non-Resident Unitholder required to furnish the declaration for withholding of taxes	<p>In case of categories of Unitholders, being Non-resident Indians (NRIs/NRNs), a declaration shall be required to be provided in the format given at Appendix-2. Generally, only one declaration needs to be filed for each Tax year under consideration. In absence of the same, NHIT shall withhold taxes at maximum rates applicable under the Act.</p> <p>The income declaration can be furnished within the timelines provided under communication letters as may be circulated at the time of distributions announced by NHIT.</p>															
14	If any short deduction is made by NHIT while making distributions to the Unitholders, will the same be adjusted?	NHIT retains the right to make adjustment for any shortfall in taxes deducted in earlier quarters and recover the differential TDS amount from the Unitholder along with appropriate interest (as applicable) and consequential penalties (as applicable). This can be done by way of adjustment from subsequent distributions.															
15	If any excess deduction is made by NHIT while making distributions to the Unitholders, will the same be refunded?	Any excess deduction made by NHIT while distributing income to the Unitholders shall <u>not be refunded</u> . The Unitholder may file a return of income and claim a refund for the same.															

S. No.	Queries	Response
16	What is the timeline for issue of Form 77 under the Rules)?	Form 77 under the Rules for distribution made during Tax year shall be provided by NHIT to the Unitholders by <u>30 June of the subsequent Tax year.</u>
17	Eligibility of Nil/ lower WHT certificate for claiming exemption from WHT on distribution made by NHIT?	NHIT may consider nil/ lower WHT certificate obtained in accordance with provisions of section 395 of the Act which are valid for distributions from 1 April 2026 to 31 March 2027, while determining WHT liability for distributions made by NHIT.
18	Eligibility of Form 121 under the Rules for claiming exemption from WHT on distribution made by NHIT?	<p>Form 121 under the Rules provided to NHIT <u>shall not be considered</u> while determining WHT liability.</p> <p>As per section 393(6) of the Act read with Rule 211 of the Rules, Form 121 declaration may be applicable when tax is deductible under the following provisions:</p> <ul style="list-style-type: none"> (a) payment of accumulated balance due to an employee referred to in section 392(7) (premature withdrawal of provident fund); (b) insurance Commission referred to in section 393(1) [Table: Sl. No. 1(i)]; (c) rent referred to in section 393(1) [Table: Sl. No. 2(ii)]; (d) income in respect of units referred to in section 393(1) [Table: Sl. No. 4(i)] (units of mutual funds, UTI); (e) interest referred to in section 393(1) [Table: Sl. No. 5(i), (ii) and (iii)]; (f) payment in respect of life insurance policy referred to in section 393(1) [Table: Sl. No. 8(i)]; (g) dividend referred to in section 393(1) (Table: Sl. No. 7). <p>Distributions made by InvIT shall be subject to WHT as per the provisions of section 393(1)[Table: S.No. 4(ii)],393(2)[Table: S.No.6 & 7],393(4)[Table: S.No. 5, 13] of the Act. Since section 393(6) does not refer to tax deductible under the said provisions, Form 121 declaration is not applicable/ does not cover exemption in respect of distributions made by InvIT.</p>
19	Whether any threshold limit (minimum amount) of distribution is applicable for deduction of TDS in case of distribution of taxable dividend or interest?	Please note that in case of distribution of taxable dividend and interest, no threshold limit has been prescribed under section 393(1)[Table: S.No. 4(ii)], section 393(2)[Table: S.No.6 & 7], section 393(4)[Table: S.No. 5, 13] of the Act for the purpose of TDS deduction.
20	What is the surcharge rate for different categories of Unitholders?	The applicable surcharge rates for different categories of Unitholders under different tax regimes, as may be applicable, for FY 2026-27 are provided in Appendix-1 . In absence of the declaration from Unitholders, NHIT shall consider highest rate of surcharge as may be applicable, for such class of unitholders.

S. No.	Queries	Response
21	Treatment of Unitholders without a Permanent Account Number/ 'PAN' (Section 397(2) of the Act)	<p>In accordance with Section 397(2) of the Act, where a Unitholder does not furnish PAN, taxes shall be withheld on payment of income to the Unitholder (where chargeable to tax) at higher of the following:</p> <ul style="list-style-type: none"> ■ at the rate specified in the Act; or ■ at the rate or rates in force; or ■ at the rate of 5% where tax is required to be deducted under section 393(1) [Table: Sl. No. 8(ii) or 8(v)]; or 20% in any other case
23	What will be the frequency of distributions by NHIT to Unitholders	Please note that NHIT has adopted a policy of quarterly distribution to the unitholders.
24	What will be the point of taxation of distribution of income by NHIT	NHIT has adopted a policy of quarterly distribution. Amount received from NHIT shall be taxable, wherever applicable, in the hands of Unitholder in the Tax year in which such income is received by the Unitholder.
25	Why amount of TDS (wherever applicable) is being round-up at the time of distribution of income?	<p>Please note that TDS Payment Challan (when NHIT is remitting the TDS deducted to the Income Tax Department) does not permit to deposit TDS amount in decimals. Therefore, it is required to deposit the TDS in round/ whole number.</p> <p>In case the amount of TDS is rounded off to nearest rupee, the same may result in lower deduction/ non-deduction of taxes and may also lead to penal consequences for NHIT. Further, at the time of preparation of quarterly TDS return forms, NHIT is required to specify the rate at which taxes have been withheld and rounding off to nearest rupee may result in rate which is less than the rates prescribed in section 393(1)[Table: S.No. 4(ii)], section 393(2)[Table: S.No.6 & 7], 393(4)[Table: S.No. 5, 13]/ section 393(2)[Table: S.No.17]/ or any other section of the Act and accordingly, amount of TDS is rounded up to next rupee.</p> <p>Also, the Registrar and Transfer Agent (RTA) i.e., KFIN Technologies Limited, which provides end-to-end transaction management services for making disbursements to the unitholders of NHIT, maintains a system wherein round up of TDS has to be done in order to arrive at the final amount to be paid to the unitholders.</p> <p>Basis the above, the amount of TDS is rounded up to the next rupee and unitholders may claim the credit of TDS amount while filing their return of income.</p>

Disclaimer:

1. The FAQs are intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. 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 which may arise.

2. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.
3. The above information is provided in a summary manner only and is not a complete analysis or listing of all potential tax consequences applicable in the hands of the Unitholders under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications arising on account of any specific transaction/ receipt of income, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.
4. These FAQs do not form any part of an offer, invitation or recommendation to purchase/ subscribe for any securities. These FAQs should not form the basis of, or be relied upon, in connection with, any contract or investment decision in relation to any securities. For any further tax related query, an email can be sent to the following email address: nhit@nhit.co.in

Appendix 1: Applicable surcharge rates

For Resident Unitholders

Class of Unitholders	Estimated taxable income slab applicable (in INR)	Surcharge rate
<u>Old Regime</u> Individuals, Hindu Undivided Family ('HUF'), Trusts, Association of Persons ('AOP'), Body of Individuals ('BOI')	(i) If total income is upto INR 50 Lacs	Nil
	(ii) If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 50 Lacs & upto INR 1 Crore	10%
	(iii) If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 1 Crore & upto INR 2 Crores	15%
	(iv) If total income (excluding dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 2 Crores & upto INR 5 Crores	25%
	(v) If total income (excluding dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 5 Crores	37%
	(vi) If total income is above 2 Crores (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) but is not covered under (iv) and (v) above. Provided the applicable surcharge does not exceed 15% in case of dividend income or capital gains on specified securities included in such total income	15%
<u>New Regime (as per section 202 of the Act)</u> Individuals, HUF, Trusts, AOP, BOI	(i) If total income is upto INR 50 Lacs	Nil
	(ii) If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 50 Lacs & upto INR 1 Crore	10%
	(iii) If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 1 Crore & upto INR 2 Crores	15%

	(iv)	If total income (excluding dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 2 Crores	25%
	(v)	If total income is above 2 Crores (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) but is not covered under (iv) above. Provided the applicable surcharge does not exceed 15% in case of dividend income or capital gains on specified securities included in such total income	15%
Firm (including LLPs)	(i)	If total income is upto 1 Crore	Nil
	(ii)	If total income is above 1 Crore	12%
Companies and co-operative societies (not opted for the tax regime under section 200, 201, 203, 204 of the Act)	(i)	If total income is upto 1 Crore	Nil
	(ii)	If total income is above 1 Crore & upto 10 crores	7%
	(iii)	If total income is above 10 crores	12%
Companies and co-operative societies (opted for the tax regime under section 200, 201, 203, 204 of the Act)	(i)	If total income is upto 1 Crore	10%
	(ii)	If total income is above 1 Crore & upto 10 crores	10%
	(iii)	If total income is above 10 crores	10%

For Non- resident Unitholders

Class of Unitholders	Estimated taxable income slab applicable (in INR)		Surcharge rate
<u>Old Regime</u> Individuals, HUF, Trusts, AOP, BOI	(i)	If total income is upto INR 50 Lacs	Nil
	(ii)	If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 50 Lacs & upto INR 1 Crore	10%
	(iii)	If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 1 Crore & upto INR 2 Crores	15%

	(iv)	If total income (excluding dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 2 Crores & upto INR 5 Crores	25%
	(v)	If total income (excluding dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 5 Crores	37%
	(vi)	If total income is above 2 Crores (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) but is not covered under (iv) and (v) above. Provided the applicable surcharge does not exceed 15% in case of dividend income or capital gains on specified securities included in such total income	15%
<u>New Regime (as per section 202 of the Act)</u> Individuals, HUF, Trusts, AOP, BOI	(i)	If total income is upto INR 50 Lacs	Nil
	(ii)	If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 50 Lacs & upto INR 1 Crore	10%
	(iii)	If total income (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 1 Crore & upto INR 2 Crores	15%
	(iv)	If total income (excluding dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) is above INR 2 Crores	25%
	(v)	If total income is above 2 Crores (including dividend income or capital gains chargeable under section 196, 197 and 198 of the Act) but is not covered under (iv) above. Provided the applicable surcharge does not exceed 15% in case of dividend income or capital gains on specified securities included in such total income	15%
Firm (including LLPs)	(i)	If total income is upto 1 Crore	Nil
	(ii)	If total income is above 1 Crore	12%
Co-operative societies	(i)	If total income is upto 1 Crore	Nil
	(ii)	If total income is above 1 Crore & upto 10 crores	7%
	(iii)	If total income is above 10 crores	12%
Companies	(i)	If total income is upto 1 Crore	Nil
	(ii)	If total income is above 1 Crore & upto 10 crores	2%
	(iii)	If total income is above 10 crores	5%

Appendix 2: Declarations

Please visit www.nhit.co.in for detailed communication letters and the declarations.