

Dear Unitholder,

Subject: Deduction of tax at source on distributions under relevant sections of the Income-tax Act, 1961

First and foremost, we wish you and your family good health and hope you are safe and fine.

The purpose of this communication is to notify the unitholders of the applicable rates of Tax Deduction at Source ('TDS') or withholding tax provisions under the Income Tax Act, 1961 ('the Act') for financial year 2022-23.

As per the details maintained in the Register of Members / Register of Beneficial Ownership ('Benpos') by the Depositories (NSDL/CDSL) or Registrar and Share Transfer Agent (Kfin Technologies Private Limited), we understand that your residential status for Income Tax purpose is 'Non-Resident. In case of any change in tax residential status for financial year 2022-23, the Unitholders are requested to intimate the same to Mindspace Business Parks REIT ('MREIT') in writing on or before **5th May 2022 (Thursday)**.

We have tabulated below a brief summary on the withholding tax implications on the different nature of income distributions applicable to Non-Resident unitholders for your reference:

Nature of income distributed	Tax implications on distributions
Interest income	Tax will be deducted at 5% (plus applicable surcharge and cess) under the provisions of section 194LBA of the Act for FY 2022-23
Dividend income	No tax is deductible on dividend paid as per the provisions of section 194LBA of the Act, given the fact that the SPVs of MREIT have not opted for the beneficial tax regime under section 115BAA of the Act.

As per the provisions of the Act, in case of Non-Resident Unitholders, withholding rate of 5% (plus applicable surcharge and cess) is applicable under section 194LBA on the amount of interest distributed by MREIT during FY 2022-23. The same is applicable provided Permanent Account Number ('PAN') is available as per the records of Depositories.

Where PAN is not available, withholding shall be done at higher rate of 20% as per section 206AA of the Act.

Further, in light of the recently introduced Section 206AB of the Act, applicable with effect from 1 July 2021, taxes are deductible at the higher of the following rates where unitholder is a 'specified person'¹:

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

In accordance with the Circular No. 11 of 2021, determination of a unitholder as 'specified persons' shall be undertaken based on the new functionality on the income tax portal of Central Board of Direct Taxes viz. "Compliance Check for Sections 206AB and 206CCA". The check shall be undertaken on the record date.

¹ As per provisions of section 206AB of the Act, 'Specified person' means a person who has:

- a) not filed the return of income for preceding two previous years, immediately prior to previous year 2022-23, for which the time limit for filing return of income under section 139(1) of the Act has expired; and
- b) subjected to tax deduction/ collection at source in aggregate amounting to INR 50,000 or more in each of the two aforesaid previous years; and
- c) a permanent establishment in India in case of a non-resident.

Accordingly, in case a non-resident unitholder qualifies as a 'specified person' basis the aforesaid functionality read with declaration submitted in Appendix 1, withholding shall be made at higher rate of 10% (plus applicable surcharge and cess) in accordance with provisions of Section 206AB of the Act.

Rate of applicable surcharge shall be determined based on estimated aggregate taxable income of a Non-Resident Unitholder for the relevant financial year and therefore the Non-Resident Unitholders are required to provide declaration of income for the relevant financial year as per declaration format attached as **Appendix-1** so that taxes may be withheld appropriately. In case no declaration is made, taxes would be deducted at the highest applicable surcharge rate. Surcharge rates applicable for different categories for Non-Resident Unitholders is as under:

Category of Non-Resident Unit Holder	Estimated Taxable Income for the relevant financial year (In INR)	Applicable surcharge rate Surcharge rate
Trusts, AOP	▶ Upto 50 lakhs	Nil
	▶ exceeds 50 lakhs but does not exceed 1 crore	10%
	▶ exceeds 1 crore but does not exceed 2 crores	15%
	▶ exceeds 2 crores but does not exceed 5 crores	25%
	▶ exceeds 5 crores	37%
LLPs, Firms	▶ Upto 1 crore	Nil
	▶ exceeds 1 crore	12%
Companies	▶ Upto 1 crore	Nil
	▶ exceeds 1 crore but does not exceed 10 crores	2%
	▶ exceeds 10 crores	5%

Kindly note that the required declarations / documents, as applicable, are to be emailed to MREIT at reitcompliance@mindspacereit.com on or before **5th May 2022 (Thursday)**.

The declarations (if any) provided for current distribution shall be considered as valid for all subsequent distributions made by MREIT in financial year 2022-23 unless a revised declaration is provided by the unitholder at the time of subsequent distribution(s). Any change in details provided in the declaration should be intimated to MREIT immediately to enable MREIT to withhold taxes appropriately. The revised declaration would replace the former declaration and taxes would be withheld accordingly.

Any shortfall in deduction arising on account of change in details of declaration would be made good in the subsequent quarter(s). In case of any such revision in amount of taxes deposited, revised TDS certificate shall also be issued by MREIT (as may be applicable). However, any excess deduction will not be refunded, and the unitholder will have to file a return of income and claim a refund for the same, in accordance with applicable law

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

Transfer of credit of taxes deducted to any other person(s) 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 registered unitholder based on details of deduction of tax by MREIT 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 such 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 MREIT on behalf of another person ('Declared Person') in whose hands the income is assessable, then the unitholder must provide the following to enable MREIT to report the tax deduction in the name of such other person:

- Declaration to be given as per **Appendix - 2**; 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. Declarations shared on or after the **5th May 2022 (Thursday)** shall not be taken into consideration for transfer of credit of taxes deducted.

TDS certificates

Copies of the TDS certificate will be emailed to you at your registered email ID (where available) or in physical form via courier within the following indicative timelines:

Quarter	Actual payment of distribution	Timeline for issue of TDS certificates
April to June	On or before August 31	On or before 15 November
July to September	On or before November 30	On or before 15 February
October to December	On or before February 28/ 29 (as applicable)	On or before 15 June
January to March	On or before May 31	On or before 15 August

Mode of payment

Distributions to all Non-Resident unitholders will be payable **in Indian Rupees only** and will be net of bank charges and / or commission.

In case your bank account details with correct account number, IFSC code etc. are not updated with your respective depository participant, we request you to get the same updated so the distribution amount can be remitted via normal banking channels such as NEFT / RTGS / NACH etc. We also request you to get your email addresses registered / updated with your respective depository participant for further communication, so all the notices, documents can be sent to your respective email addresses.

Disclaimer

The information provided in this document sets out the tax provisions applicable to 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 current income tax laws presently in force in India. It is not exhaustive or comprehensive and does not and should not be deemed to constitute legal, financial or tax advice. Investors are advised to consult their own consultants with respect to the tax implications/consequences. For any further tax related questions, an e-mail can be sent to the following e-mail address reitcompliance@mindspacereit.com.

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.

We look forward to your co-operation.

Thanking You,

Your faithfully,

**For and on behalf of K Raheja Corp Investment Managers LLP
(acting as the Manager to Mindspace Business Parks REIT)**

S/d

Authorised Signatory

(This is computer generated statement, hence, does not require signature)

*Note: A copy of the above communication is available on the MREIT's website
www.mindspacereit.com*

<<to be given on letterhead>>

Appendix 2

TO WHOMSOEVER IT MAY CONCERN

Declaration under Section 199 of the Income Tax Act, 1961 read with Rule 37BA of the Income Tax Rules, 1962

The following details are provided for purpose of withholding taxes under section 194LBA on interest income distributed by Mindspace Business Parks REIT ('MREIT'):

Name and address of the person in whose hands the interest income is to be included/ is taxable	PAN of the person in whose hands the interest income is to be included/ is taxable <i>(Please also provide copy of PAN card)</i>	Income in respect of which credit of TDS to be given	Reason for transfer of TDS credit
		Interest income distributed by MREIT	

Accordingly, I / We hereby request that the certificate for deduction of tax at source be issued in the name of _____ as declared above.

This declaration shall be in force for financial year _____.

Signature of the declarant

Name:

PAN:

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.

Date:
Place:

Signature of the declarant

Name:

PAN:

TO WHOMSOEVER IT MAY CONCERN

Declaration by Non-Resident unitholder for the purpose of withholding of taxes on distribution by
Mindspace Business Parks REIT

Sr No	Particulars	Declaration (Please fill required information as applicable)
1	Name of Declarant / Unitholder	
2	Permanent Account Number (Please provide a copy of PAN card)	
3	Financial Year ('FY') for which the declaration is being made	2022-23
4	Whether this is the first declaration being made for the financial year in question (please provide Yes/No answer only)	
5	Tax residential status as per Income Tax laws for relevant financial year	
6	Country of residence	
7	Tax Identification Number of the country of residence (Please attach a copy of TRC, if available)	
8	Estimated total income for the financial year (to be provided by non-resident unitholders where lower surcharge rate is to be applied) <i>Note: Estimated total income shall include taxable income from all streams for the relevant financial year. In case where the same is not provided, maximum applicable surcharge rate shall be applied by MREIT</i>	INR _____
9	Other details	
	(i) Address	
	(ii) E-mail Address	
	(iii) Phone Number	

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 hereby also certify that this declaration should be considered for all subsequent distributions by Mindspace Business Parks REIT for the relevant financial year.

I/ We acknowledge that in case of shortfall in deduction of taxes on account of this declaration, I/ We would pay differential taxes along with appropriate interest to the credit of the Central Government and the Mindspace Business Parks REIT 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 Mindspace Business Parks REIT.

I/ We hereby undertake that in case of any change in details provided in this declaration, it shall be my / our responsibility to suo moto intimate the change(s) to Mindspace Business Parks REIT and provide an updated declaration for the relevant financial year.

Place:

Signature of the Declarant

Designation (if applicable)

Date: