

Frequently Asked Questions on Taxation - PGInvIT

Compilation of Frequently Asked Questions ('FAQs') on the Income-tax treatment on distribution of income by POWERGRID Infrastructure Investment Trust ('PGInvIT') in the hands of the Unitholders under the Income- tax Act, 1961 ('the Act') read with the Income- tax Rules, 1962 ('the Rules') [collectively hereinafter referred to as 'Indian income-tax law']

Applicable for Financial Year ('FY') 2023-24 (Assessment Year ('AY') 2024-25)

[These FAQs are for information purposes only and are intended to provide a general overview and a quick and an easy access to information to the investors and do not purport to be legal documents and is not intended to be treated as legal advice or opinion. PGInvIT does not warrant the accuracy or completeness of the information. PGInvIT may make changes to the contents, or to the information described therein, at any time without any notice. In case of any variance between what has been stated in the FAQs and what is contained in the relevant Act, Rules, etc, the latter shall prevail. Investors are advised to consult their professional advisors for legal, taxation or other advice.]

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 PGINVIT. 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 PGInvIT?	<p>Distributions to the Unitholders of PGInvIT can be characterized as follows:</p> <ul style="list-style-type: none">(i) dividend (taxable and/or exempt), 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 and Note 2 below)(v) a combination of any of the above receipts <p><u>Note 1:</u> 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 PGInvIT 'B' = Issue price of such units 'C' = Amount charged to tax under this provision in earlier years</p> <p>Specified sum shall be deemed to be zero if 'A-B-C' results in negative value.</p> <p><u>Note 2:</u> Distributions by PGInvIT in the nature of Repayment of SPV level debt can be considered as specified sum for the purpose of section 56(2)(xii) of the Act</p>

S. No.	Queries	Response										
		In accordance with the provisions of Section 115UA of the Act, any distribution made to the Unitholder by PGInvIT 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 PGInvIT.										
2	What are the different types of incomes which will be earned by PGInvIT and its taxability in the hands of PGInvIT?	<table><thead><tr><th>Nature of Income</th><th>Taxability in hands of PGInvIT</th></tr></thead><tbody><tr><td>Interest income earned by PGInvIT from underlying Special Purpose Vehicle ('SPVs')</td><td>Exempt</td></tr><tr><td>Dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act</td><td>Exempt</td></tr><tr><td>Dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act</td><td>Exempt</td></tr><tr><td>Any other income earned by PGInvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)</td><td>Taxable at MMR</td></tr></tbody></table> <p><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><i>Note 2:</i> Amount of loan repaid by SPV to PGInvIT (Repayment of SPV Level Debt) is not considered as income in the hands of PGInvIT and accordingly, is not chargeable to tax in the hands of PGInvIT.</p>	Nature of Income	Taxability in hands of PGInvIT	Interest income earned by PGInvIT from underlying Special Purpose Vehicle ('SPVs')	Exempt	Dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	Exempt	Dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	Exempt	Any other income earned by PGInvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Taxable at MMR
Nature of Income	Taxability in hands of PGInvIT											
Interest income earned by PGInvIT from underlying Special Purpose Vehicle ('SPVs')	Exempt											
Dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	Exempt											
Dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	Exempt											
Any other income earned by PGInvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Taxable at MMR											
3	What is the difference between exempt dividend and taxable dividend, as may be received by the Unitholders from PGInvIT?	<p>Section 115BAA 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>Taxability of dividend in hands of the Unitholders is dependent on, if the underlying SPV, from which PGInvIT has received dividends, has opted for the tax regime under Section 115BAA of the Act. Accordingly, dividend distributions made by PGInvIT can be split into two categories: (i) exempt dividend (ii) taxable dividend.</p> <p>(i) <i>Exempt dividend:</i> Where the dividend has been received by PGInvIT from the underlying SPVs (which has not opted for the tax regime under section 115BAA of the Act) and distributed to the Unitholders by PGInvIT, then such dividend received by the Unitholders from PGInvIT is exempt from tax. Further, no withholding tax ('WHT') shall be deducted by PGInvIT in such a case.</p>										

S. No.	Queries	Response																
		<p>(ii) <u>Taxable dividend</u>: Where the dividend has been received by PGInvIT from the underlying SPV (which has opted for the tax regime under section 115BAA of the Act) and distributed to the Unitholders by PGInvIT, then such dividend received by the Unitholders shall be taxable in hands of the Unitholders. Consequently, PGInvIT will be required to withhold taxes in accordance with the applicable law.</p> <p>Please note that some of the underlying SPVs of PGInvIT have decided to opt for the tax regime under section 115BAA of the Act. Accordingly, depending on the SPV from which PGInvIT receives dividend, further distribution of such dividend to Unitholders will be exempt/ taxable, in the hands of unitholders</p>																
4	What is the taxability of different streams of income distributed by PGInvIT 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><tr><th>Nature of Income</th><th>Taxability in the hands of Resident Unitholders</th></tr><tr><td>Distribution of interest income earned by PGInvIT from underlying SPVs</td><td>Taxable at applicable rates</td></tr><tr><td>Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs have <u>not opted</u> for the tax regime under section 115BAA of the Act</td><td>Exempt</td></tr><tr><td>Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act</td><td>Taxable at applicable rates</td></tr><tr><td>Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)</td><td>Exempt</td></tr><tr><td>Distribution of specified sum, to the extent chargeable to tax u/s 56(2)(xii) of the Act, by PGInvIT which is not covered above</td><td>Taxable at applicable rates</td></tr><tr><td>Distribution of specified sum, to the extent not chargeable to tax u/s 56(2)(xii) of the Act, by PGInvIT which is not covered above</td><td>To be reduced from cost of acquisition of units for the purpose of computation of capital gains</td></tr><tr><td colspan="2">(refer Note 1 and Note 2 below)</td></tr></table>	Nature of Income	Taxability in the hands of Resident Unitholders	Distribution of interest income earned by PGInvIT from underlying SPVs	Taxable at applicable rates	Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs have <u>not opted</u> for the tax regime under section 115BAA of the Act	Exempt	Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	Taxable at applicable rates	Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Exempt	Distribution of specified sum, to the extent chargeable to tax u/s 56(2)(xii) of the Act, by PGInvIT which is not covered above	Taxable at applicable rates	Distribution of specified sum, to the extent not chargeable to tax u/s 56(2)(xii) of the Act, by PGInvIT which is not covered above	To be reduced from cost of acquisition of units for the purpose of computation of capital gains	(refer Note 1 and Note 2 below)	
Nature of Income	Taxability in the hands of Resident Unitholders																	
Distribution of interest income earned by PGInvIT from underlying SPVs	Taxable at applicable rates																	
Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs have <u>not opted</u> for the tax regime under section 115BAA of the Act	Exempt																	
Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	Taxable at applicable rates																	
Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Exempt																	
Distribution of specified sum, to the extent chargeable to tax u/s 56(2)(xii) of the Act, by PGInvIT which is not covered above	Taxable at applicable rates																	
Distribution of specified sum, to the extent not chargeable to tax u/s 56(2)(xii) of the Act, by PGInvIT which is not covered above	To be reduced from cost of acquisition of units for the purpose of computation of capital gains																	
(refer Note 1 and Note 2 below)																		

S. No.	Queries	Response																
		<p><u>Note 1:</u> 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 PGINvIT ‘B’ = Issue price of such units ‘C’ = Amount charged to tax under this provision in earlier years</p> <p>Specified sum shall be deemed to be zero if ‘A-B-C’ results in negative value.</p> <p><u>Note 2:</u> Distributions by PGINvIT in the nature of Repayment of SPV level debt can be considered as specified sum for the purpose of section 56(2)(xii) of the Act</p>																
	(b) In case of Non- resident Unitholders	<table><tr><th>Nature of Income</th><th>Taxability in the hands of Non- resident Unitholders</th></tr><tr><td>Distribution of interest income earned by PGINvIT from underlying SPVs</td><td>Taxable at concessional rate of 5% (plus applicable surcharge and cess)</td></tr><tr><td>Distribution of dividend income earned by PGINvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act</td><td>Exempt</td></tr><tr><td>Distribution of dividend income earned by PGINvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act</td><td>Taxable at 20% (plus applicable surcharge and cess)</td></tr><tr><td>Distribution of any other income earned by PGINvIT, and which is taxable in the hands of PGINvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)</td><td>Exempt</td></tr><tr><td>Distribution of specified sum, to the extent chargeable to tax u/s 56(2)(xii) of the Act, by PGINvIT which is not covered above</td><td>Taxable at applicable rates</td></tr><tr><td>Distribution of specified sum, to the extent not chargeable to tax u/s 56(2)(xii) of the Act, by PGINvIT which is not covered above</td><td>To be reduced from cost of acquisition of units for the purpose of computation of capital gains</td></tr><tr><td colspan="2">(refer Note 3 and Note 4 below)</td></tr></table>	Nature of Income	Taxability in the hands of Non- resident Unitholders	Distribution of interest income earned by PGINvIT from underlying SPVs	Taxable at concessional rate of 5% (plus applicable surcharge and cess)	Distribution of dividend income earned by PGINvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	Exempt	Distribution of dividend income earned by PGINvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	Taxable at 20% (plus applicable surcharge and cess)	Distribution of any other income earned by PGINvIT, and which is taxable in the hands of PGINvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Exempt	Distribution of specified sum, to the extent chargeable to tax u/s 56(2)(xii) of the Act, by PGINvIT which is not covered above	Taxable at applicable rates	Distribution of specified sum, to the extent not chargeable to tax u/s 56(2)(xii) of the Act, by PGINvIT which is not covered above	To be reduced from cost of acquisition of units for the purpose of computation of capital gains	(refer Note 3 and Note 4 below)	
Nature of Income	Taxability in the hands of Non- resident Unitholders																	
Distribution of interest income earned by PGINvIT from underlying SPVs	Taxable at concessional rate of 5% (plus applicable surcharge and cess)																	
Distribution of dividend income earned by PGINvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	Exempt																	
Distribution of dividend income earned by PGINvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	Taxable at 20% (plus applicable surcharge and cess)																	
Distribution of any other income earned by PGINvIT, and which is taxable in the hands of PGINvIT, i.e., Treasury Income (such as interest on fixed deposits, mutual funds, capital gains etc.)	Exempt																	
Distribution of specified sum, to the extent chargeable to tax u/s 56(2)(xii) of the Act, by PGINvIT which is not covered above	Taxable at applicable rates																	
Distribution of specified sum, to the extent not chargeable to tax u/s 56(2)(xii) of the Act, by PGINvIT which is not covered above	To be reduced from cost of acquisition of units for the purpose of computation of capital gains																	
(refer Note 3 and Note 4 below)																		

S. No.	Queries	Response												
		<p><u>Note 1:</u> For applicable surcharge rates and cess, please refer <u>Question 20</u>.</p> <p><u>Note 2:</u> 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.</p> <p><u>Note 3:</u> 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 PGInvIT ‘B’ = Issue price of such units ‘C’ = Amount charged to tax under this provision in earlier years</p> <p>Specified sum shall be deemed to be zero if ‘A-B-C’ results in negative value.</p> <p><u>Note 4:</u> Distributions by PGInvIT in the nature of Repayment of SPV level debt can be considered as specified sum for the purpose of section 56(2)(xii) of the Act</p>												
5	What is the withholding obligation on distribution of different streams of income by PGInvIT for the following Unitholders:=	<p>As per the provisions of Section 194LBA 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.), Annual Income, and Tax Regime opted.</p> <p>WHT rates on distribution of different streams of income, by PGInvIT, has been provided below:</p>												
	(a) In case of Resident Unitholders	<table><tr><th>Nature of Income</th><th>WHT rate</th></tr><tr><td>Distribution of interest income earned by PGInvIT from underlying SPVs</td><td>10%</td></tr><tr><td>Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act</td><td>NIL</td></tr><tr><td>Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act</td><td>10%</td></tr><tr><td>Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)</td><td>No withholding obligation on PGInvIT</td></tr><tr><td>Distribution of specified sum* (as referred in Question 1 above) by PGInvIT which is not covered above</td><td>No withholding obligation on PGInvIT</td></tr></table>	Nature of Income	WHT rate	Distribution of interest income earned by PGInvIT from underlying SPVs	10%	Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	NIL	Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	10%	Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)	No withholding obligation on PGInvIT	Distribution of specified sum* (as referred in Question 1 above) by PGInvIT which is not covered above	No withholding obligation on PGInvIT
Nature of Income	WHT rate													
Distribution of interest income earned by PGInvIT from underlying SPVs	10%													
Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	NIL													
Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	10%													
Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)	No withholding obligation on PGInvIT													
Distribution of specified sum* (as referred in Question 1 above) by PGInvIT which is not covered above	No withholding obligation on PGInvIT													

S. No.	Queries	Response												
		<i>*Distributions by PGInvIT in the nature of Repayment of SPV level debt can be considered as specified sum for the purpose of section 56(2)(xii) of the Act</i>												
	(b) In case of Non- resident Unitholders	<table><tr><th>Nature of Income</th><th>WHT rate</th></tr><tr><td>Distribution of interest income earned by PGInvIT from underlying SPVs</td><td>5% (plus applicable surcharge and cess)</td></tr><tr><td>Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act</td><td>Nil</td></tr><tr><td>Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act</td><td>10% (plus applicable surcharge and cess)</td></tr><tr><td>Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)</td><td>No withholding obligation on PGInvIT</td></tr><tr><td>Distribution of specified sum* (as referred in Question 1 above) by PGInvIT which is not covered above</td><td>Tax rates as may be applicable (inclusive of applicable surcharge and cess)</td></tr></table> <i>*Distributions by PGInvIT in the nature of Repayment of SPV level debt can be considered as specified sum for the purpose of section 56(2)(xii) of the Act</i> <i><u>Note 1:</u> 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, please note that PGInvIT shall carry out the WHT obligations u/s 194LBA(2) of the Act in respect of distributions made to Non-resident Unitholders.</i> <i><u>Note 2:</u> For applicable surcharge rates and cess, please refer Question 20.</i>	Nature of Income	WHT rate	Distribution of interest income earned by PGInvIT from underlying SPVs	5% (plus applicable surcharge and cess)	Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	Nil	Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	10% (plus applicable surcharge and cess)	Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)	No withholding obligation on PGInvIT	Distribution of specified sum* (as referred in Question 1 above) by PGInvIT which is not covered above	Tax rates as may be applicable (inclusive of applicable surcharge and cess)
Nature of Income	WHT rate													
Distribution of interest income earned by PGInvIT from underlying SPVs	5% (plus applicable surcharge and cess)													
Distribution of dividend income earned by PGInvIT from underlying SPVs, where SPVs <u>have not opted</u> for the tax regime under section 115BAA of the Act	Nil													
Distribution of dividend income earned by PGInvIT from underlying SPVs, where the SPVs <u>have opted</u> for the tax regime under section 115BAA of the Act	10% (plus applicable surcharge and cess)													
Distribution of any other income earned by PGInvIT, and which is taxable in the hands of PGInvIT, i.e., Treasury Income (such as interest on fixed deposits mutual funds, capital gains etc.)	No withholding obligation on PGInvIT													
Distribution of specified sum* (as referred in Question 1 above) by PGInvIT which is not covered above	Tax rates as may be applicable (inclusive of applicable surcharge and cess)													
6	Is there any exemption available for Alternate Investment Funds ('AIF') from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?	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. PGInvIT shall not deduct taxes where the Unitholder provides requisite declarations along with eligible registration certificate/ notification as AIF Category I or II.												

S. No.	Queries	Response												
		<i>Note 1: Please refer Appendix-2 for declarations.</i>												
7	Is there any exemption available for Mutual Funds from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?	<p>As per the provisions of Section 10(23D) 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 196 of the Act, no deduction of tax shall be made on any sum payable to a Mutual Fund specified under clause (23D) of section 10.</p> <p>PGInvIT shall not deduct taxes where Unitholders provides 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	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>As per the provisions of 196 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>PGInvIT shall not deduct taxes where Unitholders provides requisite declarations along with eligible registration certificate from relevant authority.</p> <p><i>Note 1: Please refer Appendix-2 for declarations.</i></p>												
9	What will be the taxability in case of sale of units of PGINVIT?	<p>Assuming that the units of PGINvIT 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><tr><th>Nature of Gains</th><th>Period of Holding</th><th>Relevant section in the Act</th><th>Tax Rates</th></tr><tr><td>Long term Capital Gains (‘LTCG’)</td><td>Units are held for more than 36 months</td><td>Section 112A</td><td>10% (plus applicable surcharge and cess) without indexation, where the amount of capital gain exceeds INR 100,000</td></tr><tr><td>Short Term Capital Gains (‘STCG’)</td><td>Units are held for upto 36 months</td><td>Section 111A</td><td>15% (plus applicable surcharge and cess) without indexation</td></tr></table> <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>	Nature of Gains	Period of Holding	Relevant section in the Act	Tax Rates	Long term Capital Gains (‘LTCG’)	Units are held for more than 36 months	Section 112A	10% (plus applicable surcharge and cess) without indexation, where the amount of capital gain exceeds INR 100,000	Short Term Capital Gains (‘STCG’)	Units are held for upto 36 months	Section 111A	15% (plus applicable surcharge and cess) without indexation
Nature of Gains	Period of Holding	Relevant section in the Act	Tax Rates											
Long term Capital Gains (‘LTCG’)	Units are held for more than 36 months	Section 112A	10% (plus applicable surcharge and cess) without indexation, where the amount of capital gain exceeds INR 100,000											
Short Term Capital Gains (‘STCG’)	Units are held for upto 36 months	Section 111A	15% (plus applicable surcharge and cess) without indexation											

S. No.	Queries	Response															
		<p><i>Note 2: Please note that given rates are applicable incase 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 PGInvIT shall be subject to Minimum Alternate Tax ('MAT') provisions under section 115JB of the Act.</i></p> <p><i>Note 4: Incase the units of PGInvIT 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 PGInvIT, consideration received on sale of units of PGInvIT 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>As per the amendments made by Finance Act, 2023, the amount of distribution to the extent not chargeable to tax u/s 56(2)(xii) of the Act and not covered u/s 10(23FC), 10(23FCA) or 115UA(2) of the Act, shall be reduced from the cost of units, for the purpose of computation of capital gains.</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 (as amended by Finance Act, 2023) in each case.</i></p>															
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 16A 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> <p>Please note that TDS certificates, wherever applicable, for the period can be downloaded from the facility provided on PGInvIT website - https://www.pginvit.in/ under "Investor Relations" Section.</p>	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
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															

S. No.	Queries	Response
12	How can Unitholders request for TDS Certificate in case the same are not received/downloaded?	Please note that the TDS Certificates, wherever applicable, will be made available for download from the facility provided on PGInvIT website - https://www.pginvit.in/ under "Investor Relations" Section. In case of any difficulty in downloading the TDS certificates, please send us a request on the below mentioned email ID: tdsdocs@pginvit.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 financial year under consideration. In absence of the same, PGInvIT 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 PGInvIT.</p>
14	If any short deduction is made by PGInvIT while making distributions to the Unitholders, will the same be adjusted?	PGInvIT 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 PGInvIT while making distributions to the Unitholders, will the same be refunded?	Any excess deduction made by PGInvIT 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.
16	What is the timeline for issue of Form 64B?	Form 64B for distribution made during financial year shall be provided by PGInvIT to the Unitholders by <u>30 June of the subsequent financial year</u> .
17	Eligibility of Nil/ lower WHT certificate for claiming exemption from WHT on distribution made by PGInvIT?	PGInvIT may consider nil/ lower WHT certificate obtained in accordance with provisions of section 197 of the Act which are valid for distributions from 1 April 2023 to 31 March 2024, while determining WHT liability for distributions made by PGInvIT.
18	Eligibility of Form 15G/15H for claiming exemption from WHT on distribution made by PGInvIT?	<p>Form 15G/15H provided to PGInvIT <u>shall not be considered</u> while determining WHT liability.</p> <p>As per section 197A read with Rule 29C, Form 15G and 15H declaration may be applicable when tax is deductible under section 194A (Interest other than interest on securities), 192A (premature withdrawal of provident fund), 193 (interest on securities), 194I (Rent), 194 (Dividend), 194DA (Payment in respect of life</p>

S. No.	Queries	Response
		<p>insurance policy), 194D (Insurance commission), 194EE (National saving scheme) and 194K (units of mutual funds, UTI)</p> <p>Distributions made by InvIT shall be subject to WHT under section 194LBA of the Act and since section 197A does not refer to tax deductible under section 194LBA, Form 15G and 15H 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 / WHT 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 194LBA of the Act for the purpose of TDS deduction / WHT.
20	What is the surcharge rate for different categories of Non- resident Unitholders?	<p>The applicable surcharge rates for different categories of Unitholders for FY 2023-24 are provided in Appendix-1.</p> <p>As per the Finance Act, 2023, rates given in sub-section (1A) of section 115BAC of the Act ('New Tax Regime') are the default rates applicable to all individual/ HUF/ AOP (other than co-operative)/ BOI/ AJP. Accordingly, tax rates and surcharge prevailing as per New Tax Regime will be considered for the purpose of withholding unless a declaration regarding preferred tax regime is furnished by the unitholder.</p> <p>The declaration can be furnished within the timelines provided under communication letters as may be circulated at the time of distributions announced by PGInvIT.</p>
21	Treatment of Unitholders without a Permanent Account Number/ 'PAN' (Section 206AA of the Act)	<p>In accordance with Section 206AA 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 20%
22	Treatment of Unitholders being 'specified persons' under section 206AB of the Act	<p>In case a unitholder qualifies as a 'specified person', withholding of tax shall be made in accordance with provisions of Section 206AB of the Act at a higher rate of the following rates:</p> <ul style="list-style-type: none"> ■ twice the rate specified in the Act; ■ twice the rate or rates in force; or ■ 5% <p>Wherein the specified person means a person, who</p>

S. No.	Queries	Response
		<p>(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</p> <p>(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</p> <p>(i) The above provisions shall not be applicable in case of –a non-resident not having a permanent establishment in India; or</p> <p>(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.</p>
23	What will be the frequency of distributions by PGInvIT to Unitholders	Please note that PGInvIT has adopted a policy of quarterly distribution to the unitholders.
24	What will be the point of taxation of distribution of income by PGInvIT	PGInvIT has adopted a policy of quarterly distribution. Amount received from PGInvIT shall be taxable, wherever applicable, in the hands of Unitholder in the financial year in which such income is received by the Unitholder.

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: tdsdocs@pginvit.in, powergrid.invit@kfintech.com

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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 115BAC 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 Society (not opted for the tax regime under Section 115BAD or 115BAE 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%
Co-operative Society (opted for the tax regime under Section 115BAD or 115BAE of the Act)	(i) Applicable rate of surcharge irrespective of total income	10%
Companies (not opted for the tax regime under Section 115BAA or 115BAB 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 (opted for the tax regime under Section 115BAA or 115BAB of the Act)	(i) Applicable rate of surcharge irrespective of total income	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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 115BAC 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 111A, section 112 or section 112A 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 Society	(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	(iv)	If total income is upto 1 Crore	Nil
	(v)	If total income is above 1 Crore & upto 10 crores	2%
	(vi)	If total income is above 10 crores	5%

Appendix 2: Declarations

Please visit https://www.pginit.in/investor_service_resource.aspx for detailed communication letters and the declarations.