

FREQUENTLY ASKED QUESTIONS

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

1. What will be the nature of distribution made by Anantam?

Distributions to the unitholders of Anantam can be characterized as follows:

- (i) Interest, or
- (ii) Dividend, or
- (iii) Any other income (interest income on fixed deposits, profit and loss on sale of mutual funds, etc.), or
- (iv) repayment of unit capital, or
- (v) a combination of any of the foregoing receipts

The characterisation of distribution will depend on nature of net distributable cash flows received by Anantam from its underlying investment in Holding Company/ Special Purpose Vehicles ("SPVs").

2. What will be the frequency of distributions by InvITs to unitholders?

Distributions have to be disbursed not less than once every six months in every financial year in case of publicly offered InvITs as per the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (as amended from time to time).

You may also refer Anantam's distribution policy at <https://anantamhighways.com/wp-content/uploads/2025/10/Distribution-Policy.pdf>

3. What is the basis of determining the withholding tax rate?

The withholding tax rate shall be determined basis the tax residential status of the unitholders under the Income Tax Act, 2025 ("the Act"). Hence, unitholders shall provide the declaration stating their tax residential status ('Residency declaration') prior to the distribution.

The declaration provided by the unitholder for a particular tax year shall be considered as valid for the entire tax year. In case of change in the residential status, it shall be the responsibility of the unitholder to inform Anantam / Depositories / Registrar and Transfer Agent.

4. What are the tax implications for tax year 2026-27 on different streams of income distributed by Anantam in the hands of the resident and non-resident unitholders?

Kindly refer to the following indicative summary on the tax implications in the hands of unitholders:

Nature of Income	Taxability in the hands of Resident Unitholders	Taxability in the hands of Non-Resident Unitholders (Note 1)
Distribution of interest income earned by Anantam from underlying SPVs	Taxable at applicable rates as per the Act	Taxable at concessional rate of 5% (plus applicable surcharge and cess)
Distribution of dividend income earned by Anantam from underlying SPVs, where SPVs have not opted for the tax regime under section 200 of the Act.	Exempt	Exempt
Distribution of dividend income earned by Anantam from underlying SPVs, where the SPVs have opted for the tax regime under section 200 of the Act. (Refer Note 2)	Exempt (w.e.f. 01.04.2026)	Exempt (w.e.f. 01.04.2026)
Distribution in nature of repayment of debt given by Anantam to SPVs	Refer FAQ no. 13 below	
Distribution of any other income earned by Anantam, i.e. Treasury Income (such as interest on fixed deposits etc.)	Exempt under Section 11 read with Schedule V [Table: Sl. No. 5] of the Act	Exempt under Section 11 read with Schedule V [Table: Sl. No. 5] of the Act
Capital gains on transfer / sale of units of Anantam	Applicable as per the provisions of the Act	

Note 1 - Please note that the aforementioned rates are as per the provisions of the Act. Non- resident unitholders are advised to independently evaluate any impact under the relevant Double Tax Avoidance Agreement ('DTAA') in consultation with their tax advisors.

Note 2 - Prior to the amendment brought in by 'The Taxation and Other Laws (Amendment) Act (TOLA), 2026', the exemption available to a unit holder in respect of dividend distributed by a InvIT was dependent upon the tax regime opted for by the underlying SPV. Where the SPV had opted for the concessional tax regime under section

200 of the IT Act, the corresponding dividend distributed by the InvIT was taxable in the hands of the unit holder. With effect from 1 April 2026, TOLA 2026 has removed this restriction. Accordingly, dividend distributed by a InvIT to its unit holders is exempt even if the SPV has opted for the concessional tax regime under section 200.

5. What is the TDS obligation in the hands of Anantam for tax year 2026-27 for the distribution of income?

Kindly refer to the following indicative summary on the TDS implications in the hands of Anantam on distributions made to unitholders:

Type of income distributed	Residential status of unitholder	Withholding tax section	Withholding tax rate
Interest income received from SPV	Resident	Section 393(1) [Table Sr. No. 4(ii)]	10%
	Non-resident (not being company or a foreign company)	Section 393(2) [Table Sr. No. 6(a)]	5% (plus surcharge and cess) (Refer Note 2 & 3)
Dividend income received from SPV	Resident	Section 393(1) [Table Sr. No. 4(ii)]	10% (Refer Note 1)
	Non-resident (not being company or a foreign company)	Section 393(2) [Table Sr. No. 6(b)]	10% (plus surcharge and cess) (Refer Notes 1, 2 & 3)
Any other income i.e. Treasury Income (such as interest on fixed deposits, etc.)	Resident	Not Applicable	NIL
	Non-resident (not being company or a foreign company)	Not Applicable	NIL
Repayment of debt given by Anantam to SPVs	Resident	NIL	
	Non-resident (not being company or a foreign company)	TDS to be deducted as per applicable tax provisions of the Act as referred in FAQ no. 13 (Refer Note 2 & 3 below)	

Note 1 –Where dividend is received by Anantam from SPV (which has not opted for the new tax regime u/s 200 of the Act) and is distributed to unitholders, the same is not subject to TDS u/s 393(4) [Table Sr. No. 5].

However, where the SPV has opted for tax new regime u/s 200, dividend received by Anantam from such SPV and is distributed to unitholders shall be subject to TDS as

mentioned above.

Note 2 –Please note that reliance will be made on the BENPOS report and/or 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.)

Note 3 – Please note withholding tax rates for non-resident unitholders for availing concessional tax rate as per tax treaty provisions are subject to submission of following documents to Anantam –

- Tax residency certificate issued by the tax authorities of respective jurisdictions
- Declaration in Form 41 (Please refer FAQ no. 6 for further details)
- Residency Declaration as referred in FAQ 3 above
- No Permanent Establishment ('PE') declaration in case of a non-resident foreign Company unitholder.

6. In case of non-residents, what is the mode of providing Form 41 by the unitholders?

The non-resident unitholder intending to avail DTAA benefits is required to provide electronically generated 41 on the Income-tax portal CBDT Notification No. 03/2022 dated 16 July 2022. Further, as per Rule 75(1) of the Income Tax Rules, 2026 ("the Rules"), for the purposes of claiming any double taxation relief under an agreement mentioned in section 159(1) or (2), the other documents and information to be provided by a Non-resident (not being company or a foreign company) under section 159(8)(b) shall be as per Form No. 41.

7. TDS Treatment for Unitholders not having a valid PAN (Section 397(2) of the Act)

In accordance with Section 397(2) of the Act, where a Unitholder does not furnish a valid PAN, TDS shall be deducted at higher of the following:

- at the rate specified in the Act; or
- at the rate or rates in force; or
- at the rate of 20%

However, higher TDS rate as per section 397(2) of the Act read with Rule 217 of the Rules shall not apply on distribution in the nature of interest or dividend where non-resident unitholder furnishes the following details and documents:-

- (i) name, e-mail id, contact number;
- (ii) address in the country or specified territory outside India of which such unitholder is a resident;
- (iii) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate;

- (iv) Tax Identification Number of such unitholder in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which such unitholder is identified by the Government of that country or the specified territory of which he claims to be a resident.

8. If any excess deduction is made by Anantam while making distributions to the Unitholders, will the same be refunded?

Any excess deduction made by the Anantam will not be refunded by the Anantam and the unitholder may file a return of income to claim a refund of the excess tax deduction.

9. If any short deduction is made by Anantam while making distributions to the Unitholders, will the same be adjusted?

Anantam retains the right to make adjustment for any shortfall in taxes deducted in earlier distributions 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.

10. Is there any exemption available for Alternate Investment Funds ('AIF') from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?

Income other than the income from profits and gains of business and profession of Category I / II AIF which are governed by Securities and Exchange Board of India ('SEBI') regulations and holding SEBI registration number qualifies for TDS exemption as per CBDT notification No.51/2015 dated 25th June 2015 read with Section 11 and Schedule V of the Act. Anantam shall not deduct taxes where the Unitholder provides requisite declarations along with eligible SEBI registration certificate as AIF Category I or II within the timelines as mentioned in the communication letters circulated at the time of distributions by Anantam.

11. Is there any exemption available for Mutual Funds from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?

As per the provisions of Section 11 read with Schedule VII [Table S. No. 20 and 21] of the Act, any income of a Mutual Fund registered under the SEBI Act, 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.

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 under section 11 read with Schedule VII [Table S. No. 20 and 21] of the Act.

Anantam shall not deduct taxes where unitholders provide requisite declarations along with eligible registration certificate from SEBI/ RBI/ other relevant authority within the timelines as mentioned in the communication letters circulated at the time of distributions by Anantam.

12. 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?

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.

Anantam shall not deduct taxes where Unitholders provides requisite declarations along with eligible registration certificate from relevant authority within the timelines as mentioned in the communication letters circulated at the time of distributions by Anantam.

13. Is there any exemption on withholding of tax on distribution made to Insurance companies ?

The TDS on distributions made by InvIT to unitholders is governed by provisions of Section 393(1), Table 4(ii) of Income Tax Act 2025 under which no TDS exemption is available to insurance companies. Hence, TDS exemption is not applicable to TDS deductible on distributions made to insurance companies by InvIT.

Anantam, being an InvIT, is obligated to deduct TDS as per the applicable provisions of Section 393(1), Table 4(ii) of Income Tax Act 2025.

However, Insurance companies may provide lower or NIL TDS certificate under section 395 of the Income Tax Act 2025 to us in which case we shall not deduct TDS or deduct TDS at lower rate as per such certificate.

14. 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.

15. Whether distributions made on or after 1 April 2023 from proceeds of repayment of debt received by Anantam from SPVs is taxable in the hands of the unitholders?

The Act has specific provisions for taxation of the income of Business trust such as dividend, interest and capital gains. However, there are certain distributions such as debts repayment

by SPV to Business Trust which are further distributed by Business Trust to its unitholders and the debts repayments are not covered in the tax regime for Business trust. Accordingly, the Finance Act, 2023 had introduced a new provision whereby any other distributions (such as repayment of debt) by Business trusts that presently do not suffer taxation either in the hands of Business trust or in the hands of unit holders, will henceforth be taxed as “other income” in the hands of unit holders under section 92(k) of the Act.

Section 92(k) of the Act provides the manner of computing the distribution which is taxable as “Other Income” in the hands of unit holders referred to as “Specified sum” which shall be the result of ‘A – B - C’, where:

A = aggregate of sum distributed by the business trust with respect to such unit, during the previous year or during any earlier previous year or years, to such unit holder, who holds such unit on the date of distribution of sum or to any other unit holder who held such unit at any time prior to the date of such distribution, which is,—

- (a) not in the nature of income referred to in Schedule V (Table: Sl. No. 3 or 4); and
- (b) not chargeable to tax under section 223(2) in the hands of Business Trust

B = amount at which such unit was issued by the business trust

C = amount charged to tax under this clause in any earlier previous year

Where $B + C > A$, the specified sum shall be deemed to be NIL.

- In a situation where, the cost of acquisition in the hands of the unitholder in respect of units held and distributions made in the nature of return of capital post 1 April 2023 is to be determined, the distribution received in respect of a unit in the nature of return of capital which does not result in an actual tax outflow under section 92(k) should be reduced from the cost of acquisition of a unit. Otherwise, when the computation under section 92(k) results in an actual tax liability, such distribution in the nature of return of capital should not be reduced from the cost of acquisition.
- The rate of tax on income from other sources is the tax rate (plus applicable surcharge and cess) applicable for residents and non-residents subject to the beneficial rate provided in the tax treaty.
- Other income (income other than interest or dividend income or income chargeable to tax under section 92(k) of the Act) such as treasury income earned by the Business trust and distributed to unitholder shall be exempt in hands of unitholders as the same shall be taxable in the hands of Business trust. Further, there shall be no withholding on distribution of such other income by the Business trust to the unitholders.

In case of non-resident unit holders it is advisable that they independently evaluate any tax benefits under the relevant DTAA in consultation with their tax advisors.

16. What is the timeline for issue of Form 77 for tax year 2026-27 required under Income Tax, 2025 by the InvIT?

As per section 223(5) of the Act read along with Rule 145 of the Rules, any person responsible for making payment of the income distributed on behalf of a InvIT to a unit holder is required to furnish a statement in Form 77 to the unit holder.

As per Rule 145 of the Rules, the statement to the Principal Commissioner or the Commissioner of Income-tax (i.e. Form 76) shall be furnished by the 15th June of the financial year succeeding the tax year during which the income is paid or credited or distributed and the statement to the recipient of income (i.e. Form 77) shall be furnished by the 30th June of the financial year succeeding the tax year during which the income is paid or credited or distributed.

17. Is there any exemption available for National Pension System Trust / New Pension Scheme Trust from withholding tax? If yes, what condition needs to be fulfilled to claim exemption?

As per the provisions of Section 11 read with Schedule VII (Table: Sl. No. 41) of the Act, any income of a National Pension System Trust / New Pension Scheme Trust established on the 27th February, 2008 under the provisions of the Indian Trusts Act, 1882 (2 of 1882) is exempt from income-tax. Further, as per the provisions of section 393(9) of the Act, the deduction of tax shall not be made from any payment to a person for, or on behalf of, the New Pension System Trust referred to in Schedule VII. Anantam shall not deduct taxes where unitholders provide requisite declarations within the timelines as mentioned in the communication letters circulated at the time of distributions by Anantam.

18. What is the capital gains tax applicable on the sale of units of Anantam?

Income arising from the transfer of Anantam units, on or after 23 July 2024, held for more than 12 months and where the transaction is subject to Securities Transaction Tax (STT), will be classified as long-term capital gains (LTCG). Gains not qualifying as LTCG will be treated as short-term capital gains (STCG). The amount of distribution in the nature of debt repayment to the extent not chargeable to tax under section 92(2)(k) of the Act shall be reduced from the cost of units, for the purpose of computation of capital gains (please refer FAQ 15 for more details).

Unitholder	LTCG	STCG
Resident	LTCG exceeding INR 1,25,000 in a financial year will be taxed at 12.5%, as per Section 198 of the IT Act.	STCG on units transferred through a recognized stock exchange and subject to STT will be taxed at 20% plus applicable surcharge and cess. For individuals and HUFs, where total taxable income (excluding STCG) falls below the basic exemption limit, the shortfall can be reduced from the STCG and the balance STCG will be

		taxed at above rate.
Non-resident	For non-resident unitholders, the above tax rates will apply subject to the provisions of the relevant Double Taxation Avoidance Agreement (DTAA), if any, between India and the country of fiscal residence. As per Section 159(4) of the IT Act, the more beneficial provisions between the Act and the DTAA shall apply. STT will be levied as applicable.	

19. When will TDS certificates be issued to the unitholders?

The TDS certificates in Form 131 shall be issued to the unitholders on quarterly basis in accordance with the timelines prescribed under the Act. Anantam will issue the TDS certificates based on the following indicative timeline:

Quarter in which distributions are made	Timeline for issue of TDS certificates
April to June	On or before 15 August
July to September	On or before 15 November
October to December	On or before 15 February
January to March	On or before 15 June

For example: For the distributions made during the month of June 2026, the due date of issuance of TDS certificates is on or before 15 August 2026.

Please note that the TDS Certificates will be shared within the due date applicable under the Act, with the Unitholders at their email IDs registered with CDSL/ NSDL.

20. Whether Nil/Lower TDS certificate for claiming exemption from TDS under Income Tax, 2025 on distributions can be accepted by Anantam?

Anantam may consider Nil/Lower TDS certificate obtained in accordance with provisions of section 395 of the Income Tax Act, 2025 while determining TDS liability for distributions, which are valid for distributions for the relevant period subject to receipt of such certificates within the timelines as mentioned in the communication letters circulated at the time of distributions made by Anantam.

21. Whether Form 121 for claiming exemption from TDS deduction under Income Tax, 1961 can be accepted by the InvIT?

As per the provisions of the Act, liability to deduct TDS on interest and dividend income distributed by Anantam to its unitholders arises under section 393 of the Act.

Section 393(6) of the Act provides for exemption from deduction of taxes at source under certain 'specified sections', in case the payee/ recipient of income furnishes a declaration in the prescribed form (i.e. Form 121 , as the case may be) that his total income for such year shall not exceed the maximum amount not chargeable to tax (including such income for which Form 121 is being submitted).

However, Section 393(6) does not cover grant of exemption for income from business trust. Accordingly, Anantam cannot consider the declaration in Form 121 for deducting taxes under section 393 on income distributed by it to its unitholders and is required to deduct taxes as per the rates prescribed therein.

22. 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 of the Act for the purpose of TDS deduction.

23. What will be the point of taxation of distribution of income by InvIT?

Amount received from InvIT shall be taxable in the hands of unitholder in the tax year in which such income is received/ distributed.

Note : This FAQ takes into consideration the provisions of the new Income-tax Act, 2025 and new Income Tax Rules, 2026 along with the prescribed forms which has replaced the existing direct tax law, i.e., the Income-tax Act, 1961, with effect from 1 April 2026

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