

CERTIFICATE ON NOTE ON TAXATION

To,

The Board of Directors
TeamLease Services Limited
Infinix Square, B-4, B-5 & B-6, HAL Industrial Estate,
HAL GB Quarters Vibhutipura, Rameshnagar,
Bangalore 560037
Karnataka, India

Dear Sir,

Sub: Tax implications to the shareholders under the Buyback Offer made by your Company

[THE FOLLOWING SUMMARY OF THE TAX CONSIDERATIONS IS BASED ON THE READING OF THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT IMPLICATIONS ON THESE TAX CONSIDERATIONS.

IN VIEW OF THE COMPLEXITY AND THE SUBJECTIVITY INVOLVED IN THE TAX CONSEQUENCES OF A BUY BACK TRANSACTION, ELIGIBLE SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE TAX TREATMENT IN THEIR HANDS CONSIDERING THE RELEVANT TAX PROVISIONS, FACTS AND CIRCUMSTANCES OF THEIR CASE.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF THIS TAX SUMMARY AND EXPLICITLY DISOWNS ANY LIABILITY ARISING OUT OF ANY ACTION INCLUDING A TAX POSITION TAKEN BY THE ELIGIBLE SHAREHOLDER BY RELYING ON THIS SUMMARY. THE SUMMARY OF TAX CONSIDERATIONS RELATING TO BUY BACK OF EQUITY SHARES LISTED ON THE STOCK EXCHANGE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GENERAL GUIDANCE PURPOSES ONLY.]

1. **GENERAL:**

- 1.1 The Indian tax year runs from April 1 to March 31. The charge of Indian income tax depends upon the residential status of the taxpayer during a tax year. A person who is a tax resident of India is liable to taxation in India on his worldwide income, subject to certain prescribed tax exemptions provided under the Income Tax Act, 2025 (“ITA”).
- 1.2 A person who is treated as a non-resident for Indian tax purposes is generally liable to tax in India only on his/ her Indian sourced income or income received by such person in India *vide* Finance Act, 2026, certain non-resident individuals are deemed to be resident in India upon triggering of certain conditions. Deemed residents would be liable to pay tax in India only on their Indian sourced income or income from business or professional controlled in India.
- 1.3 In case of shares of a Company, the source of income from shares would depend on the ‘situs’ of the shares. As per judicial precedents, generally the “situs” of the shares is where company is “incorporated” and where its shares can be transferred. Accordingly, since the Company is incorporated in India, the “situs” of the shares of the Company would be in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the ITA subject to any specific exemption in this regard. Further, the non-resident can avail the beneficial tax treatment prescribed under the relevant Double Tax Avoidance Agreement (“DTAA”) as modified by the Multilateral Instrument (“MLI”), if the same is applicable to the relevant DTAA between India and the respective country of which the said non-resident shareholder is tax resident subject to satisfaction of the relevant conditions including non-applicability of General Anti-Avoidance Rule (“GAAR”) and providing and maintaining necessary information and documents as prescribed under the ITA as well as satisfying the relevant conditions under the respective DTAA including anti-abuse measures under the MLI, if applicable.
- 1.4 The summary of direct tax implications on buyback of equity shares listed on the stock exchanges in India is set out below. All references to equity shares in this memorandum refer to equity shares listed on the stock exchanges in India unless stated otherwise. The residential status of an assessee would be determined in terms of Section 6 of the ITA.

2. **CLASSIFICATION OF SHAREHOLDERS**

Section 6 of the ITA, determines the residential status of an assessee. Accordingly, shareholders can be classified broadly in categories as mentioned below:

- a. Resident Shareholders being:
- i. Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI), Firm, LLP
 - ii. Others (corporate bodies):
 - Company
 - Other than Company
- b. Deemed Resident Shareholder – an individual being a citizen of India who is not liable to tax in any other country or territory by reason of domicile, residence or any other criteria of similar nature and has total income other than foreign sourced income exceeding ₹ 15 lakh during the tax year.
- c. Non-Resident Shareholders being:
- i. Non-Resident Indians (NRIs)
 - ii. Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)
 - iii. Others:
 - Company
 - Other than Company



3. ***INCOME TAX PROVISIONS IN RESPECT OF BUY BACK OF SHARES LISTED ON THE RECOGNISED STOCK EXCHANGE***

- 3.1 Prior to 1 October 2024, Section 115QA of the Income-tax Act, 1961 required listed companies undertaking buyback of shares pursuant to a public announcement on or after 5 July 2019 to pay additional income-tax at 20% (plus applicable surcharge and cess) on the “distributed income”.

However, pursuant to amendments introduced by the Finance Act, 2024 (as incorporated in the Income-tax Act, 2025 framework), the provisions of Section 115QA have been **withdrawn for buybacks undertaken on or after 1 October 2024**.

Accordingly, for buybacks undertaken on or after 1 October 2024:

- **No additional income-tax is payable by the company** on buyback of shares.
- The **consideration received by the shareholder is taxable in the hands of the shareholder** in accordance with Section 69 of ITA.
- The **cost of acquisition and period of holding** shall be determined in accordance with the relevant provisions governing capital gains taxation.

Thus, the tax implications to the following categories of shareholders are as under:

a. Non-Promoters

Capital gains arising to non-promoter shareholders on account of buyback of equity shares, as referred to in section 69 of the Income-tax Act, 2025, shall be taxable in the hands of such shareholders.

Such capital gains shall be computed as the difference between the consideration received on buyback and the cost of acquisition of the shares, and shall be chargeable to tax at the applicable rates, being: 12.5% in case of long-term capital gains, and 20% in case of short-term capital gains.

b. Promoter Shareholders:

Capital gains arising to promoter shareholders on account of buyback of equity shares, as referred to in section 69 of the Income-tax Act, 2025, shall be taxable in the hands of such promoters.

Such capital gains shall be computed as the difference between the consideration received on buyback and the cost of acquisition of the shares, and shall be subject to:

Tax at the applicable capital gains rates, being:

- 12.5% for long-term capital gains, and
- 20% for short-term capital gains,

and

An additional income-tax, in the case of promoters, computed on such capital gains at the following rates:

- For promoters other than domestic companies (including non-residents):
 - 10% on short-term capital gains, and
 - 17.5% on long-term capital gains
- For domestic company promoters:
 - 2% on short-term capital gains, and
 - 9.5% on long-term capital gains

**Promoter definition is as detailed in Section 69 of IT Act, 2025.*



4. TAX DEDUCTION AT SOURCE (“TDS”)

Since there is no provision regarding the TDS in case of Buyback, Company is not required to deduct any tax at source on consideration payable to Resident Shareholders. In case of non-resident shareholders, withholding tax will be governed by provisions of Section 393(2) of the ITA 2025 read with respective DTAAs..

5. SECURITIES TRANSACTION TAX

Since the Buyback of shares shall take place through the settlement mechanism of the Stock Exchange, Securities Transaction Tax will be applicable at the applicable rate

The above note on taxation sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences of the disposal of equity shares. This note is neither binding on any regulators nor can there be any assurance that they will not take a position contrary to the comments mentioned herein. There can be no liability on the company if any action is taken by the shareholder solely based on this tax summary. Therefore, shareholders cannot solely rely on this advice and the summary tax implications relating to the treatment of income tax in the case of buyback of equity shares listed on the stock exchange as set out above.

The summary of the tax considerations as above is based on the current provisions of the tax laws of India, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

In view of the specific nature of tax consequences, shareholders who are not tax residents of India are required to consult their tax advisors for the applicable tax and the appropriate course of action that they should take considering the provisions of the relevant country or state tax law and provisions of DTAA where applicable.

Yours faithfully,

For and on behalf of ALP & Associates
Chartered Accountants
Firm Registration No: 328740E



Nidish Agarwal
Partner
Membership No.: 300962
UDIN: 26300962HPEWGG3492

Place: Bengaluru
Date: July 6, 2026