



Income Tax Department

Ministry of Finance, Government of India

PAN and Aadhaar

Permanent Account Number (PAN)

Introduction

PAN is a ten-digit alphanumeric identifier issued by the Income-tax Department to identify taxpayers uniquely. It is mandatory for income-tax filings, high-value financial transactions, and correspondence with the tax authorities. Aadhaar can be used in lieu of PAN.

How to obtain PAN

- A resident applies for PAN in Form 49A, while a foreign citizen applies in Form 49AA.
- For company incorporation, PAN is allotted through Part B of the SPICe+ form
- For LLP incorporation, PAN can be applied through Form FiLLiP.

Who Should Obtain PAN?

- Individuals with taxable income exceeding the exemption limit.
- Businesses or professionals with gross receipts exceeding Rs. 5 lakh.
- Every person receiving income from property held under trust or legal obligation, wholly or partly for charitable or religious purposes, and liable to be assessed as a representative assessee in respect of such income.
- Entities conducting financial transactions of Rs. 2.5 lakh or more annually.
- Any person acting as MD, director, partner, trustee, author, founder, Karta, CEO, principal officer, office bearer
- Authorised representative of an entity with financial transactions of Rs. 2.5 lakhs or more in a year.
- Persons entitled to receive any sum subject to TDS/TCS.
- Persons depositing or withdrawing cash of Rs. 20 lakh or more annually.
- Persons opening current or cash credit accounts (exceptions for non-residents under specific conditions).
- Any other persons notified by the Central Govt..

Mandatory Quoting of PAN

Quoting of PAN is mandatory in the following circumstances:

- o If receipts/payments are subject to TDS/TCS;
- o In all returns, challan or income-tax correspondence
- o In certain financial transactions such as:
 - o Sale or purchase of a motor vehicle (other than two-wheelers)
 - o Opening an account [other than a basic savings bank deposit account] with a bank or a co-op. bank
 - o Time deposits with banks, co-op banks, post offices, Nidhis, or NBFCs exceeding Rs. 50,000 per transaction or Rs. 5 lakh in a year.
 - o Making an application for issue of a credit or debit card;
 - o Opening of a Demat account and more...

Interchangeability with Aadhaar

- If a person has Aadhaar but no PAN, quoting Aadhaar in specified transactions is treated as an application for PAN, with no separate documents required.
- If a person has PAN linked with Aadhaar (Sec. 139AA), Aadhaar can be quoted in place of PAN for all transactions where PAN is mandatory.

Exemptions from Quoting PAN

- Minor may quote PAN of parent/guardian if he has no taxable income.
- **Form 60 Declarations:** The form allowed for individuals (not companies/firms) who do not have PAN. Form 60 is furnished for specified financial transactions.
- A foreign company may submit Form instead of PAN if:
 - a) It has no income chargeable to tax in India;
 - b) It does not have PAN;
 - c) The transaction is in an IFSC banking unit; and
 - d) The transaction relates to opening an account or time deposit
- o As per Rule 114AB, a non-resident, not being a company or a foreign company, shall not be required to obtain and quote PAN if the specified conditions are satisfied.



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Consequences of Non-Compliance of PAN

- Penalty under Section 272B for failure to obtain or quote PAN.
- **Having Multiple PANs:** Attracts penalty under section 272B
- Rs. 10,000 penalty for quoting false PAN or failure to quote PAN or failure to authenticate it.
- Higher TDS/TCS rates apply if PAN is not quoted (Sections 206AA and 206CC).

Quoting and Linking of Aadhaar Number

Quoting and Linking of Aadhaar Number

Introduction

Aadhaar, a 12-digit unique identification number, is mandatory for quoting in Income Tax Returns (ITRs) and PAN applications. Aadhaar can replace PAN for specific purposes. PANs allotted before 01-10-2024 using Aadhaar Enrolment ID must be updated with Aadhaar by 31-12-2025.

Eligibility for Aadhaar

- Any resident who has stayed in India for 182 or more days in the preceding 12 months.
- Non-Resident Indians (NRIs) with valid Indian passports can apply immediately upon arrival in India.

PAN-Aadhaar Linking Requirements

- All PAN holders as of July 1, 2017, who are eligible for Aadhaar, must link the two till 31-03-2022.
- Failure to link renders PAN inoperative, but linking is allowed thereafter with a fee under Section 234H.
- An inoperative PAN linked with Aadhaar after 31-03-2022 becomes operative within 30 days of intimation.

Consequences of Inoperative PAN

- Higher TDS/TCS rates apply (Sections 206AA, 206CC).
- No refund of any tax or part thereof shall be made.
- No interest on refund is payable for the period from 01-07-2023 until the date the PAN becomes operative.

Exemptions from Aadhaar Linking

Applicable only if Aadhaar is not possessed:

- Residents of Assam, Jammu & Kashmir, and Meghalaya.
- Non-residents under the Income-tax Act.
- Individuals aged 80 or above during the financial year.
- Non-citizens of India.

Interchangeability of Aadhaar and PAN

Aadhaar can substitute PAN for specified transactions under Section 139A(5E). Aadhaar can be used to instantly obtain PAN via the e-filing portal without submitting additional documents.

Mandatory quoting of Aadhaar in ITR and PAN application

Quoting Aadhaar in ITR and PAN application is compulsory. If Aadhaar is not available, Enrolment ID can be used—but only till 30.09.2024. From 01.10.2024, only Aadhaar number will be accepted. Anyone allotted a PAN before 01.10.2024 using an Aadhaar Enrolment ID must link his Aadhaar by 31.12.2025. [Notification No. 26/2025, dated 03-04-2025]