



Permanent Account Number (PAN)

Various aspects of PAN to be covered

- What is PAN?
- Utility of PAN
- Who has to obtain PAN?
- Transactions in which PAN is mandatory
- How to apply for PAN?
- How to correct any mistake in PAN card or intimate any change in data pertaining to PAN?
- Holding of more than one PAN not allowed
- How to know PAN if the PAN card is lost and PAN is forgotten?
- Penalty for not complying with provisions of PAN

What is PAN?

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card as given below (commonly known as PAN card):



Now we shall discuss on the structure of the ten characters of PAN. For this purpose we shall take an illustrative PAN as given below :



BLG XXX D

Out of the first five characters, the **first three** characters represent the alphabetic series running from AAA to ZZZ.

BLG **P** XXX D

The **fourth** character of PAN represents the status of the PAN holder.

"**P**" stands for Individual

"**C**" stands for Company

"**H**" stands for Hindu Undivided Family (HUF)

"**A**" stands for Association of Persons (AOP)

"**B**" stands for Body of Individuals (BOI)

"**G**" stands for Government Agency

"**J**" stands for Artificial Juridical Person

"**L**" stands for Local Authority

"**F**" stands for Firm/ Limited Liability Partnership

"**T**" stands for Trust

Illustrative PAN : BLGP **S** X D

Fifth character of PAN represents the first character of the PAN holder's last name/surname in case of an individual. In case of non-individual PAN holders fifth character represents the first character of PAN holder's name.





Illustrative PAN : BLGPSI **XXXX**

Next four characters are sequential numbers running from 0001 to 9999.

Illustrative PAN : BLGPS **XXXX** **D**

Last character, i.e., the **tenth** character is an alphabetic check digit.

Utility of PAN

PAN enables the department to identify/ link all transactions of the PAN holder with the department. These transactions include tax payments, TDS/TCS credits, returns of income, specified transactions, correspondence etc, and so on. It facilitates easy retrieval of information of PAN holder and matching of various investments, borrowings and other business activities of PAN holder.

Who has to obtain PAN?

PAN is to be obtained by :

- Every person if his total income or the total income of any other person in respect of which he is assessable during the year exceeds the maximum amount which is not chargeable to tax.
- A charitable trust who is required to furnish return under Section 139(4A)
- Every person who is carrying on any business or profession whose total sale, turnover, or gross receipts are or is likely to exceed five lakh rupees in any year
- Every importer/exporter who is required to obtain Import Export code
- Every person who is entitled to receive any sum/income after deduction of tax at source



- Any person who is liable to pay excise duty or a producer or manufacturer of excisable goods or a registered person of a private warehouse in which excisable goods are stored and an authorized agent of such person
- Persons who issue invoices under Rule 57AE requiring registration under Central Excise Rules, 1944
- A person who is liable to pay the service tax and his agent
- Persons registered under the Central Sales Tax Act or the general sales tax law of the relevant state or union territory
- Every person who intends to enter into specified financial transactions in which quoting of PAN is mandatory

Transactions in which quoting of PAN is mandatory

Following are the transactions in which quoting of PAN is mandatory by every person except the Central Government, the State Governments and the Consular Offices:

- 1) Sale or purchase of a motor vehicle or vehicle other than two wheeled vehicles.
- 2) Opening an account [other than a time-deposit referred at point No. 12 and a Basic Savings Bank Deposit Account] with a banking company or a co-operative bank
- 3) Making an application for issue of a credit or debit card.
- 4) Opening of a demat account with a depository, participant, custodian of securities or any other person with SEBI
- 5) Payment in cash of an amount exceeding Rs. 50,000 to a hotel or restaurant against bill at any one time.
- 6) Payment in cash of an amount exceeding Rs. 50,000 in connection with travel to any foreign country or payment for purchase of any foreign currency at any one time.
- 7) Payment of an amount exceeding Rs. 50,000 to a Mutual Fund for purchase of its units
- 8) Payment of an amount exceeding Rs. 50,000 to a company or an institution for acquiring debentures or bonds issued by it.
- 9) Payment of an amount exceeding Rs. 50,000 to the Reserve Bank of India for acquiring bonds issued by it.
- 10) Deposits of cash exceeding Rs. 50,000 during any one day with a banking company or a co-operative bank.
- 10A) Deposits of cash aggregating to more than Rs. 2,50,000 during the period of 09th November 2016 to 30th December 2016 with a banking company, cooperative bank or post office.
- 11) Payment in cash for an amount exceeding Rs. 50,000 during any one day for purchase of bank drafts or pay orders or banker's cheques from a banking company or a co-operative bank.
- 12) A time deposit of amount exceeding Rs. 50,000 or aggregating to more than Rs. 5 lakh during a financial year with -
 - (i) a banking company or a co-operative bank
 - (ii) a Post Office;



- (iii) a Nidhi referred to in section 406 of the Companies Act, 2013 or
(iv) a non-banking financial company
- 13) Payment in cash or by way of a bank draft or pay order or banker's cheque of an amount aggregating to more than Rs. 50,000 in a financial year for one or more pre-paid payment instruments, as defined in the policy guidelines for issuance and operation of pre-paid payment instruments issued by Reserve Bank of India under section 18 of the Payment and Settlement Systems Act, 2007 to a banking company or a co-operative bank or to any other company or institution.
 - 14) Payment of an amount aggregating to more than Rs. 50,000 in a financial year as life insurance premium to an insurer
 - 15) A contract for sale or purchase of securities (other than shares) for amount exceeding Rs. 1 lakh per transaction
 - 16) Sale or purchase, by any person, of shares of a company not listed in a recognised stock exchange for amount exceeding Rs. 1 lakh per transaction.
 - 17) Sale or purchase of any immovable property for an amount exceeding Rs. 10 lakh or valued by stamp valuation authority referred to in section 50C of the Act at an amount exceeding ten lakh rupees.
 - 18) Sale or purchase of goods or services of any nature other than those specified above for an amount exceeding Rs. 2 lakh per transaction.

NOTE:

- 1) Minor person can quote PAN of his father or mother or guardian provided he does not have any income chargeable to income-tax.
- 2) Any person, who does not have PAN and enters into any of above transaction, can make a declaration in Form No.60.
- 3) Quoting of PAN is not required by a non-resident in a transaction referred at point No. 3 or 5 or 6 or 9 or 11 or 13 or 18.
- 4) Any person who has an account (other than a time deposit referred at point no. 12 and a Basic Saving Bank Deposit Account) maintained with a banking company or a co-operative bank. He will be required to furnish his PAN or Form No.60 on or before 30-06-2017 if he has not quoted his PAN or furnished Form No. 60 at the time of opening of such account or subsequently.

How to apply for PAN?

Income Tax Department has authorised UTI Infrastructure Technology and Services Limited (UTIITSL) and National Securities Depository Limited (NSDL) to set-up and manage PAN Service Centers. UTIITSL and NSDL have established PAN Service Centers and TIN Facilitation Centers at various places in major cities of India (hereinafter referred to as PAN application centers of UTIITSL/NSDL).

Thus, a person wishing to obtain PAN can apply for PAN by submitting the PAN application form (Form 49A/49AA) along with the related documents and prescribed fees at the PAN



Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

application center of UTIITSL or NSDL. An online application can also be made from the website of UTIITSL or NSDL.

As per Section 139AA, every person who is eligible to obtain Aadhaar is required to quote his Aadhaar number in the PAN application form with effect from 1st day of July, 2017. If any person does not possess the Aadhaar Number but he had applied for the Aadhaar card then he can quote Enrolment ID of Aadhaar application Form.

However, the provisions of section 139AA shall not apply to an individual who does not possess the Aadhaar number or the Enrolment ID and is:-

- i) residing in any of these States-Assam, Jammu and Kashmir and Meghalaya;
- ii) a non-resident as per the Income-tax Act, 1961;
- iii) of the age of 80 years or more at any time during the previous year, i.e., super-senior citizen;
- iv) not a citizen of India.

Hence, it will not be mandatory for an individual (as notified above) to quote his/her Aadhaar Number in the PAN application form.

In case of an applicant, being a company which has not been registered under the Companies Act, 2013, the application for allotment of a Permanent Account Number may be made in Spice-INC-32 specified under sub-section (1) of section 7 of the said Act for incorporation of the company.

A resident person shall apply for PAN in form 49A and a non-resident person including a foreign company shall apply for allotment of PAN in form 49AA.

Individual applicants will have to affix two recent, coloured photograph (Stamp size 3.5 cms x 2.5. cms) on PAN application form.

Prescribed document must be furnished as a proof of 'Identity' 'Address' and 'Date of Birth'.

Designation and Code of concerned Assessing Office of Income Tax Department will have to be mentioned in PAN application form.

The address, phone numbers, etc., of PAN application centers of UTIITSL or NSDL at which PAN application can be submitted can be obtained from :

- Website of Income Tax Department :www.incometaxindia.gov.in
- Website of UTIITSL :www.utiitsl.com
- Website of NSDL : www.tin-nsdl.com



Note:

Every person who has been allotted PAN as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number shall intimate his Aadhaar number on or before a date to be notified by the Central Government. In case of failure to intimate the Aadhaar number, PAN allotted to the person shall be deemed to be invalid and other provisions of this Act shall apply, as if the person had not applied for allotment of PAN.

How to correct any mistake in PAN card or intimate any change in data pertaining to PAN?

Request for reissue of lost PAN card or for change/correction in PAN data is to be filed in “Request For New PAN Card Or/ And Changes Or Correction in PAN Data”.

- For Changes or Correction in PAN data, fill all mandatory fields of the Form and select the corresponding box on left margin of appropriate field where correction is required.
- If the application is for re-issuance of a PAN card without any changes in PAN related data of the applicant, fill all fields in the Form but do not select any box on left margin.
- In case of either a request for Change or Correction in PAN or request for re-issuance of a PAN Card without any changes in PAN data, the address for communication will be updated in the ITD database using address for communication provided in the application.
- For Cancellation of PAN, fill all mandatory fields in the Form, enter PAN to be cancelled in appropriate column of the Form and select the check box on left margin. PAN to be cancelled should not be same as PAN (the one currently used) mentioned at the top of the Form.

Holding of more than one PAN not allowed

A person cannot hold more than one PAN. A penalty of Rs. 10,000/- is liable to be imposed under section 272B of the Income-tax Act, 1961 for having more than one PAN.

If a person has been allotted more than one PAN then he should immediately surrender the additional PAN card(s).

How to know PAN, if the PAN card is lost and PAN is forgotten?

In such a case, one can know his PAN by using the facility of “Know Your PAN” provided by the Income Tax Department. This facility can be availed of from the website of Income Tax Department - www.incometaxindia.gov.in

A person can know his PAN online by providing his core details like Name, Father's Name and Date of Birth.

After knowing the PAN you can apply for duplicate PAN card by submitting the “Request For New PAN Card Or/ And Changes Or Correction in PAN Data”.



Linking of PAN with Aadhaar in case of name mismatch

Central Board of Direct taxes (CBDT) has enabled a new facility for taxpayers to link their Aadhaar Number with Permanent Account Number (PAN) in case of name mismatch.

Finance Act, 2017 has made it mandatory for taxpayers to quote their Aadhaar no. or enrolment ID of Aadhaar application form in the income tax return filing form w.e.f 1st June 2017. However, taxpayers was facing difficulties in linking their PAN with Aadhar no. as their names did not match in both systems (Eg. Names with initials in one and expanded initials in another).

A new facility has been enabled on the e-Filing website i.e. www.incometaxindiaefiling.gov.in where taxpayers can link their Aadhaar no. with PAN. There is no need to login or be registered on E-filing website. This facility can be used by anyone to link their Aadhaar with PAN.

In case of any minor mismatch in Aadhaar name provided by taxpayer when compared to the actual data in Aadhaar, One Time Password (Aadhaar OTP) will be sent to the mobile number registered with Aadhaar. Taxpayers should ensure that the date of birth and gender in PAN and Aadhaar are exactly same. However, in cases where Aadhaar name is completely different from name in PAN, then Aadhaar will not be linked and taxpayer will be required to change the name in either Aadhaar or in PAN database.

Penalty for not complying with provisions relating to PAN

Section 272B provides for penalty in case of default by the taxpayer in complying with the provisions relating to PAN, i.e., not obtaining PAN even when he is liable to obtain PAN or knowingly quoting incorrect PAN in any prescribed document or intimating incorrect PAN to the person deducting tax or person collecting tax.

Penalty of Rs. 10,000 under section 272B can be levied.

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MCQ on Permanent Account Number

Q1. Permanent Account Number (PAN) is a _____ digit unique alphanumeric number issued by the Income Tax Department.

- (a) Twenty (b) Fifteen
(c) Ten (d) Five

Correct answer : (c)

Justification of correct answer :

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card).

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct digit formation of PAN, all the other options viz. option (a), (b) and (d) giving incorrect digit formation of PAN are not correct.

Q2. Out of the first ____ characters, the first three characters represent the alphabetic series running from AAA to ZZZ.

- (a) Ten (b) Seven
(c) Five (d) Four

Correct answer : (c)

Justification of correct answer :

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card). Out of the first five characters, the first three characters represent the alphabetic series running from AAA to ZZZ.

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct digit formation of PAN, all the other options viz. option (a), (b) and (d) giving incorrect digit formation of PAN are not correct.

Q3. The fifth character of PAN represents the status of the PAN holder.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :





PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card). Out of the first five characters, the first three characters represent the alphabetic series running from AAA to ZZZ. The **fourth** character of PAN represents the status of the PAN holder.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q4. Last character, i.e., the tenth character is an_____.

- (a) Identification (b) Symbol
(c) Alphabetic check digit (d) Numeric check digit

Correct answer : (c)

Justification of correct answer :

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card). Last character, i.e., the tenth character is an alphabetic check digit.

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct digit formation of PAN, all the other options viz. option (a), (b) and (d) giving incorrect digit formation of PAN are not correct.

Q5. Every person who is required to file the return of income or is required to file the return of income on behalf of any other person has to obtain PAN. Apart from such person, no other person has to obtain PAN.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

PAN is to be obtained by following persons :

- Every person who is required to file the return of income or is required to file the return of income on behalf of any other person.
- Every person who is carrying on any business or profession whose total sale, turnover or gross receipts are likely to exceed five lakh rupees in any previous year.
- Every importer/exporter who is required to obtain Import Export Code.
- Every person who is going to receive any sum/income after deduction of tax at source.
- Every person who wants to obtain registration under Central Excise Law.
- Every person who wants to obtain registration under Service Tax Law.
- Every person who wants to obtain registration under Sales Tax Law.
- Every person who intends to enter into specified financial transactions in which quoting of PAN is mandatory.



Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q6. There is no bar on obtaining more than one PAN *i.e.* a person can hold more than one PAN.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

A person cannot hold more than one PAN. A penalty of Rs. 10,000/- is liable to be imposed under section 272B of the Income-tax Act, 1961 for having more than one PAN.

If a person has been allotted more than one PAN then he should immediately surrender the additional PAN card(s).

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q7. If a person fails to comply with the provisions relating to PAN (*i.e.* obtaining PAN, quoting PAN, etc.), then penalty can be levied under section _____

- (a) 272 (b) 272A
(c) 272B (d) 271

Correct answer : (c)

Justification of correct answer :

Section 272B provides for penalty in case of default by the taxpayer in complying with the provisions relating to PAN, *i.e.*, not obtaining PAN, even though he is liable to obtain PAN or knowingly quoting incorrect PAN in any prescribed document in which PAN is to be quoted or intimating incorrect PAN to the person deducting tax or person collecting tax. Penalty of Rs. 10,000 under section 272B can be levied.

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct section reference, all the other options viz. option (a), (b) and (d) giving incorrect section reference are not correct.

Q8. Application for obtaining PAN is to be made in Form _____ (in case of a resident).

- (a) 49 (b) 49A
(c) 49B (d) ITR – 1

Correct answer : (b)

Justification of correct answer :





A person wishing to obtain PAN can apply for PAN by submitting the PAN application form (Form 49A) along with the related documents and prescribed fees at the PAN application center of UTIITSL or NSDL.

Thus, option (b) is the correct option.

Comment on incorrect answer : Option (b) is the correct option since it gives the correct form reference, all the other options viz. option (a), (b) and (d) giving incorrect form reference are not correct.

Q9. One can apply for PAN by submitting the PAN application form (Form 49A/49AA) along with the related documents and prescribed fees at the PAN application center of UTIITSL or NSDL. Online application for PAN is not allowed.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

A person wishing to obtain PAN can apply for PAN by submitting the PAN application form (Form 49A/49AA) along with the related documents and prescribed fees at the PAN application center of UTIITSL or NSDL. An online application can also be made from the website of UTIITSL or NSDL.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q10. There are certain specified financial transactions in which quoting of PAN is mandatory, if a person intending to enter into the transaction does not hold PAN then he has to furnish form 49A.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

There are certain specified financial transactions in which quoting of PAN is mandatory, A person not holding PAN and intending to enter into the specified transactions can furnish Form No. 60.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q11. An individual residing in the State of Jammu and Kashmir is required to quote his Aadhar Number in PAN application form.





(a) True

(b) False

Correct answer: (b)

Justification of correct answer:

As per Section 139AA, every person who is eligible to obtain Aadhaar is required to quote his Aadhaar number in the PAN application form with effect from 1st day of July, 2017. If any person does not possess the Aadhaar Number but he had applied for the Aadhaar card then he can quote Enrolment ID of Aadhaar application Form.

However, the provisions of section 139AA shall not apply to an individual who does not possess the Aadhaar number or the Enrolment ID and is:-

- i) residing in any of these States-Assam, Jammu and Kashmir and Meghalaya;
- ii) a non-resident as per the Income-tax Act, 1961;
- iii) of the age of 80 years or more at any time during the previous year, i.e., super-senior citizen;
- iv) not a citizen of India.

Hence, it will not be mandatory for an individual residing in the State of Jammu and Kashmir to quote his/her Aadhaar Number in the PAN application form.

Thus, option (b) is the correct option.

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