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About PAN (Permanent Account Number)

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Know your 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. Structure of the ten characters of PAN as given below:

Characters	Represent
First three	Alphabetic series running from AAA to ZZZ
Fourth	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
Fifth	In case of individual - First character of the PAN holder's last name/surname In case of non-individual - First character of PAN holder's name.
Sixth to Ninth	Sequential numbers running from 0001 to 9999
Last character	Alphabetic check digit

Purpose of PAN

PAN enables the Income Tax department to identify/link all transactions of the PAN holder with the department. 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 person who intends to enter into specified financial transactions in which quoting of PAN is mandatory.
- Every non-individual resident persons and persons associated with them shall apply for PAN if the financial transaction entered into by them during the financial year exceeds Rs. 2,50,000.

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:

- Sale or purchase of any immovable property for an amount exceeding Rs. 10 lakh.
- Sale or purchase of a motor vehicle or vehicle other than two wheeled vehicles.
- Sale or purchase of goods or services of any nature for an amount exceeding Rs. 2 lakh per transaction.
- 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.
- A contract for sale or purchase of securities (other than shares) for amount exceeding Rs. 1 lakh per transaction
- Opening an account other than a Basic Savings Bank Deposit Account with a banking company or a co-operative bank.
- Making an application for issue of a credit or debit card.
- Opening of a demat account with a depository, participant, custodian of securities or any other person with SEBI
- Deposits of cash exceeding Rs. 50,000 during any one day with a banking company or a cooperative bank.
- A time deposit of amount exceeding Rs. 50,000 or aggregating to more than Rs. 5 lakh during a financial year with a banking company or a non-banking financial company or a co-operative bank or a Post Office or a Nidhi referred to in section 406 of the Companies Act, 2013.
- 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.
- Payment of an amount aggregating to more than Rs. 50,000 in a financial year as life insurance premium to an insurer
- Payment in cash of an amount exceeding Rs. 50,000 to a hotel or restaurant against bill at any one time.
- 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.
- Payment of an amount exceeding Rs. 50,000 to a Mutual Fund for purchase of its units
- Payment of an amount exceeding Rs. 50,000 to a company or an institution for acquiring debentures or bonds issued by it.
- Payment of an amount exceeding Rs. 50,000 to the Reserve Bank of India for acquiring bonds issued by it.
- 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.

Minor person can quote PAN of his father or mother or guardian provided he does not have any income chargeable to income-tax. Any person, who does not have PAN and enters into any of above transaction, can make a declaration in Form No.60.

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).

Penalty for not complying with provisions relating to PAN or Aadhar

Section 272B provides for penalty in case of default in complying with the provisions relating to PAN, i.e., failure to obtain, quote, or authenticate PAN. The amount of penalty shall be Rs. 10000 for each default.

Requirement of Aadhaar with PAN Application

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, an individual is not required to quote Aadhaar or Enrolment ID on PAN application form in following cases:

- Residing in any of these States-Assam, Jammu and Kashmir and Meghalaya;
- Super-senior citizen, i.e. Individual of the age of 80 years or more at any time during the previous year,
- Non-resident as per the Income-tax Act, 1961;
- Not a citizen of India.

Finance (No. 2) Act, 2019 as provided for interchangeability of Aadhaar with PAN.

How to apply for PAN

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

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