



LABHYANSH
ACCOUNTING SIMPLIFIED

About TAN
(Tax Deduction/Collection Account Number)

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Know your TAN

Tax Deduction Account Number or Tax Collection Account Number (TAN) is a 10-digit alphanumeric number issued by the Income-tax Department. TAN is to be obtained by all persons who are responsible for deducting tax at source (TDS) or who are required to collect tax at source (TCS). Structure of the ten characters of TAN is as given below:

Characters	Represent
First 3 digits	Jurisdiction code
Fourth	Initial of the name of the TAN holder
Fifth to Ninth	Sequential numbers running from 00001 to 99999
Last character	Alphabetic check digit

Persons require to apply for TAN

Every person liable to deduct tax at source or collect tax at source is required to obtain TAN. No separate TAN is required to be obtain for the purpose of TCS, TAN allotted for TDS can be used for the purpose of TCS. Single TAN is to be used for different types of payment such as salary, interest payment, etc. TAN once allotted can be used for all types of TDS and TCS.

However,

1. A person required to deduct TDS at 1% from consideration for purchase of any immovable property (other than agriculture land) above Rs. 50 Lakhs, can use PAN in place of TAN and is not required to obtain TAN. (*Section 194-IA*)
2. An individual or HUF [whose books of account are not required to be audited under section 44AB] required to deduct TDS at 5% while making payment of rent exceeding Rs. 50,000 p.m. (of any land or building or both) to a resident person, shall not require to obtain TAN. (*Section 194-IB*)
3. An individual or HUF [whose books of account are not required to be audited under section 44AB] required to deduct TDS at 5% from the sum paid or credited to a resident exceeding Rs. 50 lakhs in a year on account of contractual work, commission (other than insurance commission), brokerage or professional fees, shall not require to obtain TAN. (*Section 194M*)

Relevance of TAN

Income Tax Act also makes it mandatory to quote TAN in following documents:

- TDS/TCS Returns
- Challans for payment of TDS/TCS
- TDS/TCS certificates
- Statement of financial transactions or reportable accounts

Consequences of not quoting TAN

272BB provides for penalty for failure to obtain TAN and for quoting incorrect TAN. Penalty imposable under section 272BB is Rs. 10,000.

Can hold more than one TAN ?

It is illegal to possess or use more than one TAN. However, Different branches/ divisions of an entity may, have separate TAN. In case more than one TAN have been allotted, then the TAN which is being used regularly should be continued and the other TAN(s) should immediately be surrendered for cancellation.

Apply for TAN

Application for allotment of TAN is to be filed in Form 49B either from online or offline mode along with prescribed fee, as applicable.

About Us: LABHYANSH is a professionally managed Finance & Accounting service provider having presence in India. Provide Finance & Accounting Outsourcing Services, Taxation and Other Allied Services that are timely, accurate and cost effective using well defined processes. Our team seek to serve every clients in the most efficient manner. Size doesn't make a difference for us and every client is equally important. We incorporate a passion for client satisfaction and support in their success. Our services enables clients business to enhance operational and financial agility by streamlining and optimizing key processes.

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