

Newsflash

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FAQs on Indian Permanent Account Number (PAN)

What is PAN?

PAN stands for Permanent Account Number. PAN is a ten-digit unique alphanumeric number issued by the Indian Income Tax Department to all tax payers and act as unique identification number for all tax payers in the country. Its format is like ALWP-C-5809-L

What is the utility of PAN?

PAN enables the Income Tax Department to link all transactions of the assessee with the department. These transactions include tax payments, TDS/TCS credits, returns of income, specified transactions, correspondence and so on. It facilitates easy retrieval of information of assessee and matching of various investments, borrowings and other business activities of assessee. It is also mandatory for numerous other financial transactions such as opening of bank accounts, transaction of immovable properties, dealing in securities, etc.

Who has to obtain PAN?

PAN is to be obtained by following persons:

- Every person if his total income or the total income of any other person in respect of which he is assessable during the previous year exceeds the

maximum amount which is not chargeable to tax.

- 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

Can I file my return of income without quoting PAN?

It is mandatory to quote PAN on the return of income.

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How to apply for PAN?

Application for PAN is to be made in Form 49A (in the case of Indian Citizen/Indian Companies/Entities incorporated in India/Unincorporated entities formed in India) or Form 49AA (in the case of individual not being a citizen of India/Entities incorporated outside India/Unincorporated entities formed outside India) along with prescribed fee at PAN application centres.

Applicant will receive an acknowledgment containing a unique number on acceptance of the application form which can be used for tracking the status of the application.

What documents will serve as the relevant proofs in case of applicants being entities incorporated outside India/Unincorporated entities formed outside India?

Copy of following will serve as relevant proof in case of applicant being entities incorporated outside India/Unincorporated entities formed outside India.

Copy of Certificate of Registration issued in the country where the applicant is located, duly attested by "Apostille" (in respect of the countries which are signatories to the Hague Apostille Convention of 1961) or by the Indian Embassy or High Commission or Consulate in the country where the applicant is located or

authorised officials of overseas branches of Scheduled Banks registered in India

Is it mandatory to file return of income after getting PAN?

Return is to be filed only if you are liable to file return of income under section 139 of the Income Tax Act 1961. However in case of foreign national and companies if withholding taxes have been deducted it's advisable to file return and claim refund of credit. However, It's not mandatory to file return of income after getting PAN.

Should I intimate my PAN to deductor i.e. person deducting tax?

Yes, you should intimate your PAN to the deductor i.e. person deducting tax. Non-furnishing of PAN to deductor results in TDS at much higher rate of 20% or even more.

If my PAN card is lost then what to do?

If the PAN card is lost then you can apply for duplicate PAN card by submitting the Form for "Request for New PAN Card or/ and Changes or Correction in PAN Data".

What is the validity of PAN?

PAN obtained once is valid for life-time of the PAN-holder throughout India. It is not affected by change of address or change of Assessing

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Officer etc. However, any change in the PAN database (i.e. details provided at the time of obtaining PAN) should be intimated to the Income Tax Department by furnishing the details in the form for "Request For New PAN Card Or/ And Changes or Correction in PAN Data".

Should I intimate the Income Tax Department if there is any change in the details provided at the time of allotment of PAN?

Any change in the PAN database (i.e. details provided at the time of obtaining PAN) should be intimated to the Income-tax Department by furnishing the details in the form for "Request For New PAN Card Or/ And Changes or Correction in PAN Data".

What is the penalty for not complying with the provisions relating to PAN?

Section 272B of the Income Tax Act 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 INR 10,000 under section 272B can be levied.

Can a person hold more than one PAN?

A person cannot hold more than one PAN. If a PAN is allotted to a person, then he cannot apply for obtaining another PAN. A penalty of INR 10,000/- is liable to be imposed 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).

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About Us

Habibullah & Co. (HCO) is a professional services firm providing audit, assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies, guided by core values including competence, honesty and integrity, professionalism, dedication, responsibility and accountability.

At HCO, the interests of our clients are paramount. Our focus on the mid-market means we have a real understanding of the environment in which our clients operate and are ideally placed to help them grow and prosper.

Who we are and what we stand for

- Established 1962
- 9 Partners
- 100 + staff
- 6 offices across India
- International Representation through "Antea- Alliance of Independent Firms"
- Member Firm of The Institute of Chartered Accountants of India since 1962
- Registered with all major Government Regulators in India

Our Services

- Accounting and Auditing
- Business Setups in India
- Tax Compliance, Planning and Management
- Transfer Pricing Advisory
- Business Advisory



Let's talk

For a deeper discussion of how this issue might affect your business, please contact, Managing Partner for International Relations:

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