

TAX ALERT

DIRECTOR/ CEO/ PARTNER– APPLIED PAN???

Amendment by Budget 2018

In order to use PAN as Unique Entity Number (UEN) for non-individual entities, it is proposed that every person, not being an individual, which enters into a financial transaction of an amount aggregating to two lakh and fifty thousand rupees or more in a financial year shall be required to apply to the Assessing Officer for allotment of PAN.

In order to link the financial transactions with the natural persons, it is also proposed that the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer or any person competent to act on behalf of such entities shall also apply to the Assessing Officer for allotment of PAN.

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Our Comments

- Earlier, an entity was primarily required to obtain PAN if :-
 - the taxable income crosses the minimum tax threshold limit, or
 - if its sales were expected to cross Rs. 5 lacs.
- Step to widen tax base by departing from earlier criteria based on income/-sale to criteria of financial transaction.
- A resident entity needs to obtain PAN if enters into any sort of financial transaction (even loans and other non income transaction etc.) exceeding Rs. 2.5 lacs
- Further, not only such resident entity, but its (Resident/ Non-Resident) promoters (managing director, director, partner, trustee, author, karta, principal officer or any person competent to act on behalf of such entities) will also have to apply for a PAN.



Income Tax Department

Government of India

Permanent account number.

139A. (1) Every person,—

- (i) if his total income or the total income of any other person in respect of which he is assessable under this Act during any previous year exceeded the maximum amount which is not chargeable to income-tax; or
- (ii) carrying on any business or profession whose total sales, turnover or gross receipts are or is likely to exceed five lakh rupees in any previous year; or
- (iii) who is required to furnish a return of income under sub-section (4A) of [section 139](#); or
- (iv) being an employer, who is required to furnish a return of fringe benefits under [section 115WD](#),
[72](#)[or]

[72](#)[(v) *being a resident, other than an individual, which enters into a financial transaction of an amount aggregating to two lakh fifty thousand rupees or more in a financial year; or*

- (vi) *who is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in clause (v) or any person competent to act on behalf of the person referred to in clause (v).]*

and who has not been allotted a permanent account number shall, within such time, as may be prescribed^{[73](#)}, apply to the Assessing Officer for the allotment of a permanent account number.

(1A) Notwithstanding anything contained in sub-section (1), the Central Government may, by notification in the Official Gazette, specify, any class or classes of persons by whom tax is payable under this Act or any tax or duty is payable under any other law for the time being in force including importers and exporters whether any tax is payable by them or not and such persons shall, within such time as mentioned in that notification, apply to the Assessing Officer for the allotment of a permanent account number.

(1B) Notwithstanding anything contained in sub-section (1), the Central Government may, for the purpose of collecting any information which may be useful for or relevant to the purposes of this Act, by notification in the Official Gazette, specify, any class or classes of persons who shall apply to the Assessing Officer for the allotment of the permanent account number and such persons shall, within such time as mentioned in that notification, apply to the Assessing Officer for the allotment of a permanent account number.

(2) The Assessing Officer, having regard to the nature of the transactions as may be prescribed, may also allot a permanent account number, to any other person (whether any tax is payable by him or not), in the manner and in accordance with the procedure as may be prescribed.

(3) Any person, not falling under sub-section (1) or sub-section (2), may apply to the Assessing Officer for the allotment of a permanent account number and, thereupon, the Assessing Officer shall allot a permanent account number to such person forthwith.

(4) For the purpose of allotment of permanent account numbers under the new series, the Board may, by notification^{[74](#)} in the Official Gazette, specify the date from which the persons referred to in sub-sections (1) and (2) and other persons who have been allotted permanent account numbers and residing in a place to be specified in such notification, shall, within such time as may be specified, apply to the Assessing Officer for the allotment of a permanent account number under the new series and upon allotment of such permanent account number to a person, the permanent account number, if any, allotted to him earlier shall cease to have effect :

Provided that the persons to whom permanent account number under the new series has already been allotted shall not apply for such number again.

(5) Every person shall—

- (a) quote such number in all his returns to, or correspondence with, any income-tax authority;
- (b) quote such number in all challans for the payment of any sum due under this Act;
- (c) quote such number in all documents pertaining to such transactions as may be prescribed⁷⁵ by the Board in the interests of the revenue, and entered into by him:

Provided that the Board may prescribe different dates for different transactions or class of transactions or for different class of persons:

Provided further that a person shall quote General Index Register Number till such time Permanent Account Number is allotted to such person;

- (d) intimate the Assessing Officer any change in his address or in the name and nature of his business on the basis of which the permanent account number was allotted to him.

(5A) Every person receiving any sum or income or amount from which tax has been deducted under the provisions of Chapter XVIIIB, shall intimate his permanent account number to the person responsible for deducting such tax under that Chapter :

Provided further that a person referred to in this sub-section shall intimate the General Index Register Number till such time permanent account number is allotted to such person.

(5B) Where any sum or income or amount has been paid after deducting tax under Chapter XVIIIB, every person deducting tax under that Chapter shall quote the permanent account number of the person to whom such sum or income or amount has been paid by him—

- (i) in the statement furnished in accordance with the provisions of sub-section (2C) of [section 192](#);
- (ii) in all certificates furnished in accordance with the provisions of [section 203](#);
- (iii) in all returns prepared and delivered or caused to be delivered in accordance with the provisions of [section 206](#) to any income-tax authority;
- (iv) in all statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (3) of [section 200](#):

Provided that the Central Government may, by notification in the Official Gazette, specify different dates from which the provisions of this sub-section shall apply in respect of any class or classes of persons:

Provided further that nothing contained in sub-sections (5A) and (5B) shall apply in case of a person whose total income is not chargeable to income-tax or who is not required to obtain permanent account number under any provision of this Act if such person furnishes to the person responsible for deducting tax, a declaration referred to in [section 197A](#) in the form and manner prescribed thereunder to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be *nil*.

(5C) Every buyer or licensee or lessee referred to in [section 206C](#) shall intimate his permanent account number to the person responsible for collecting tax referred to in that section.

(5D) Every person collecting tax in accordance with the provisions of [section 206C](#) shall quote the permanent account number of every buyer or licensee or lessee referred to in that section—

- (i) in all certificates furnished in accordance with the provisions of sub-section (5) of [section 206C](#);
- (ii) in all returns prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (5A) or sub-section (5B) of [section 206C](#) to an income-tax authority;
- (iii) in all statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (3) of [section 206C](#).

(6) Every person receiving any document relating to a transaction prescribed under clause (c) of sub-section (5) shall ensure that the Permanent Account Number or the General Index Register Number has been duly quoted in the document.

(7) No person who has already been allotted a permanent account number under the new series shall apply, obtain or possess another permanent account number.

Explanation.—For the removal of doubts, it is hereby declared that any person, who has been allotted a permanent account number under any clause other than clause (iv) of sub-section (1), shall not be required to obtain another permanent account number and the permanent account number already allotted to him shall be deemed to be the permanent account number in relation to fringe benefit tax.

⁷⁶(8) The Board may make rules providing for—

- (a) the form and the manner in which an application may be made for the allotment of a permanent account number and the particulars which such application shall contain;
- (b) the categories of transactions in relation to which Permanent Account Numbers or the General Index Register Number shall be quoted by every person in the documents pertaining to such transactions;
- (c) the categories of documents pertaining to business or profession in which such numbers shall be quoted by every person;
- (d) class or classes of persons to whom the provisions of this section shall not apply;
- (e) the form and the manner in which the person who has not been allotted a Permanent Account Number or who does not have General Index Register Number shall make his declaration;
- (f) the manner in which the Permanent Account Number or the General Index Register Number shall be quoted in respect of the categories of transactions referred to in clause (c)*;
- (g) the time and the manner in which the transactions referred to in clause (c)* shall be intimated to the prescribed authority.

Explanation.—For the purposes of this section,—

- (a) "Assessing Officer" includes an income-tax authority who is assigned the duty of allotting permanent account numbers;
- (b) "permanent account number" means a number which the Assessing Officer may allot to any person for the purpose of identification and includes a permanent account number allotted under the new series;
- (c) "permanent account number under the new series" means a permanent account number having ten alphanumeric characters 77[***];
- (d) "General Index Register Number" means a number given by an Assessing Officer to an assessee in the General Index Register maintained by him and containing the designation and particulars of the ward or circle or range of the Assessing Officer.