



CBDT notifies norms to make PAN inoperative if not linked with Aadhaar

Section 139AA of the Income Tax Act, 1961 states that every person who has PAN as on July 1, 2017, is required to link PAN with Aadhaar number. If the PAN is not linked by Aadhaar by a date to be notified by the government then PAN would become inoperative. The deadline for linking of PAN and Aadhaar has been extended several times with the last one ending on March 31, 2020.

Through a notification, the CBDT amended Income Tax rules and inserted Rule 114AAA, stipulating the "manner of making PAN inoperative". The notification further said that persons whose PAN becomes inoperative shall be liable for all the consequences under the Income Tax Act, 1961 for not furnishing, intimating or quoting the PAN. The notification further provides for activation of the inoperative PAN on furnishing of Aadhaar Number. Text of the notification is reproduced hereunder for ready reference:

These rules may be called the Income Tax (5th Amendment) Rules, 2020. They shall come into force from the date of their publication in the Official Gazette

In the Income Tax Rules, 1962, after Rule 114AA, the following rule shall be inserted namely:

114AAA – Manner of making PAN Inoperative

- 1) Where a person, who has been allotted the permanent account number as on the 1st day of July, 2017 and is required to intimate his Aadhaar number under sub-section (2) of section 139AA, has failed to intimate the same on or before the 31st day of March, 2020, the permanent account number of such person shall become inoperative immediately after the said date for the purposes of furnishing, intimating or quoting under the Act.*
- 2) Where a person, whose permanent account number has become inoperative under sub-rule (1), is required to furnish, intimate or quote his permanent account number under the Act, it shall be deemed that he has not furnished, intimated or quoted the permanent account number, as the case may be, in accordance with the provisions of the Act, and he shall be liable for all the consequences under the Act for not furnishing, intimating or quoting the permanent account number.*
- 3) Where the person referred to in sub-rule (1) has intimated his Aadhaar number under sub-section (2) of section 139AA after the 31st day of March,*

2020, his permanent account number shall become operative from the date of intimation of Aadhaar number for the purposes of furnishing, intimating or quoting under the Act and provisions of sub-rule (2) shall not be applicable from such date of intimation.

- 4) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the formats and standards along with the procedure for verifying the operational status of permanent account number under sub-rule (1) and sub-rule (2).

Source:

Notification No. 11/2020 dt. February 13, 2020

CONTACT DETAILS:

Head Office

75/7 Rajpur Road, Dehradun

T +91.135.2743283, 2747084, 2742026

F +91.135.2740186

E info@vkalra.com

W www.vkalra.com

Branch Office

80/28 Malviya Nagar, New Delhi

E info@vkalra.com

W www.vkalra.com

For any further assistance contact our team at

kmt@vkalra.com

© 2020 Verendra Kalra & Co. All rights reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not a substitute for detailed research or the exercise of professional judgment. Neither VKC nor any member can accept any responsibility for loss occasioned to any person acting or refraining from actions as a result of any material in this publication. On any specific matter, reference should be made to the appropriate