

## Date extension for PAN-Aadhaar linkage till 31.05.2024 for transactions up to 31.03.2024: Relief for TDS/TCS deductors/collectors from demand for short deduction of TDS/TCS due to inoperative PAN of deductees/collectees

Circular No. 3 of 2023 dated 28.03.2023 was issued by the CBDT details the consequences of PAN becoming inoperative had specified that the consequences shall take effect from 01.07.2023 and continue till the PAN becomes operative.

Several grievances have been received from the taxpayers by the department that they are in receipt of notices intimating that they have committed default of 'short-deduction/collection' of TDS/TCS while carrying out the transactions where the PANs of the deductees/collectees were inoperative. In such cases, as the deduction/collection has not been made at a higher rate, demands have been raised by the department against the deductors/collectors while processing of TDS/TCS statements under section 200A or under section 206CB of the Act, as the case maybe.

The CBDT with a view to redressing the grievances faced by deductors/collectors who have deducted/collected, TDS/TCS, as the case may be at normal rate but were required to deduct/collect at higher rate under section 206AA/206CC of the Income Tax Act, 1961, in partial modification and in continuation of the Circular No. 3 of 2023, has issued a Circular No. 6 of 2024 on 23.04.2024 that for the transactions entered into up to 31.03.2024 and in cases



where the PAN becomes operative (as a result of linkage with Aadhar) on or before 31.05.2024, there shall be no liability on the deductor/collector to deduct/collect the tax under section 206AA/206CC, as the case may be, and the deduction/collection as mandated in other provisions of Chapter XVII-B or Chapter XVII-BB of the Act, shall be applicable.

**Source: CBDT vide Circular No. 6, 2024 dated April 23rd, 2024.**

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