

PAN

- Permanent Account Number (PAN) is a ten-digit alphanumeric number, issued by the Income Tax Department. Each assessee (e.g., individual, firm, company, etc.) is issued a unique PAN.
- PAN enables department to link all transactions of the 'person' with the department.
- These transactions include tax payments, TDS credits, returns of income / wealth / gift, specified transactions, etc.
- All existing assesseees or taxpayers or persons who are required to file a return of income, even on behalf of others, must have a PAN.

- It has been made compulsory since 2005, to have a PAN number for all those who file their income tax returns.

- PAN structure is as follows,

AAAAA9999A First five characters are letters, next four are numerals, last is a character letter

- If PAN does not follow the above structure, PAN will be shown as invalid
- The fourth character of the PAN must be one of the following, depending on the type of assessee,



How to apply for PAN ?

- Individual who is a citizen of India
- HUF, Company registered in India
- Firm and AOP and BOI formed in India
- can apply for PAN by filling up Form 49A, Application for Allotment of Permanent Account Number (PAN application form).
- can also apply for PAN online through NSDL-TIN website.
- Individual not being a citizen of India and other assesses who are registered outside India shall apply for PAN in form No. 49AA

Cases Under which PAN is compulsory

- His income exceeds exemption limit
- He is liable to pay tax on behalf of other person as a representative assessee
- If he is carrying on a business or profession and his total sales, turnover or gross receipts are likely to exceed ₹ 5,00,000 in any financial year
- He is required to furnish a return u/s 139(4A)
- He is entitled to receive any sum or income or amount, on which tax is deductible at source

As per Central Government notifications the following persons also must have a PAN

If a person is,

- Exporter or importer, or
- An assessee under Central Excise Rules, 1944, or
- Issuing invoice under Rule 57E requiring registration under Central Excise Rules, 1944, or
- An assessee under Service Tax, or
- An assessee under the Central Sales Act or a value added tax law of a state or Union Territory

Once a Permanent Account is allotted, such number shall be quoted in all Returns, correspondence with Income Tax Authorities challans for payment and in all documents prescribed by the board.

Quoting PAN is compulsory in following transactions w.e.f. 1.1.2016 (Rule 114B)

1. 1. Immovable property
 - a. Sale or purchase exceeding ₹ 10 lakh
 - b. Properties valued by Stamp Valuation Authority at amount exceeding ₹ 10 lakh
2. Motor vehicle (other than 2 wheeler). All sales or purchase
3. Time deposits at banks, co-operative societies, post office,
 - a. Exceeding ₹ 50,000
 - b. Deposits aggregating to ₹ 5 lakh during the year
4. Sale or purchase of securities (other than shares). If value exceeds ₹ 1 lakh

5. Opening an account (other than time deposits) with a banking company or co-operative banks. Basic savings bank deposit account excluded
6. Hotel or Restaurant, cash payments exceeding ₹50,000
7. Cash purchase of Bank draft, banker's cheque, exceeding ₹ 50,000
8. Cash deposit with banking company and co-operative society, exceeding ₹50000
9. Foreign travel, Cash payment in connection with foreign travel or purchase of foreign currency, amount exceeding ₹50000 at any one time
10. Credit card/ Debit card, Application to any banking company or co-operative society
11. Mutual Fund units
12. Opening a Demat account

13. Purchase or sale of shares of an unlisted company for an amount exceeding ₹1 lakh
14. Debentures/ Bonds
15. RBI Bonds
16. Life Insurance Premium
17. Cash cards/ prepaid instruments issued under Payment and Settlement Act
18. Purchase/ sale of goods or services other than specified in 1 - 17. Exceeding ₹2 lakh per transaction