

# INDIA LEGAL UPDATE

May 31, 2023

## PAN becoming inoperative due to not intimating Aadhaar Number

Notification Date
March 28, 2023
Effective Date
April 1, 2023
Legal Framework
Income-tax Act, 1961; Income-tax (Fourth Amendment) Rules, 2023
Government Authority
Central Board of Direct Taxes (CBDT)
Source Weblink
<a href="#">CBDT Notification No. G.S.R. 227(E) dated March 28, 2023</a>

### LEGAL UPDATE

The Income Tax department notified that PAN (Permanent Account Number) against which Aadhaar Number has not been intimated till June 30, 2023; those PAN will become inoperative from July 1, 2023

### KEY QUESTIONS

#### What do you mean by Aadhaar Number?

Aadhaar number is a Unique Identification Number issued to an individual upon receipt and further verification of the demographic and biometric information by the appointed authority of the Indian government.

#### Who is entitled to get Aadhaar Number?

Every resident is entitled to obtain an Aadhaar Number upon submitting his demographic and biometric information and by undergoing the process of enrolment with UIDAI. The Central Government may, from time to time, notify such other categories of individuals who may be entitled to obtain an Aadhaar number.

#### Who is required to intimate Aadhaar details with the Income Tax Authority?

Every person who is eligible to obtain Aadhaar Number shall have to intimate the same with the Income Tax Portal.

The Aadhaar-PAN linkage requirement does not apply to an individual who is:

- residing in the States of Assam, Jammu and Kashmir, and Meghalaya;
- a non-resident as per the Income-tax Act, 1961;
- of the age of eighty years or more at any time during the previous year; or
- not a citizen of India.

## KEY QUESTIONS

### What is the implication of non-intimation of the Aadhaar Number?

It is compulsory to provide the necessary Aadhaar information on or before June 30, 2023, with the Income Tax Authority.

Non-intimation of Aadhaar Number before the due date will lead to PAN becoming inoperative after July 1, 2023. The following are the consequences in case PAN becomes inoperative:

1. The person will not be able to file a return using the inoperative PAN.
2. Pending returns will not be processed.
3. Pending refunds cannot be issued to inoperative PANs.
4. Pending proceedings as in the case of defective returns cannot be completed.
5. Interest shall not be payable on such refund for the period beginning with the date specified by the Board and ending with the date on which it becomes operative.
6. Tax will be required to be deducted at a higher rate as PAN becomes inoperative.

### What can be done in case intimation is not made by June 30, 2023?

In case Intimation is not made by June 30, 2023, the assessee has the option to intimate the same by paying a fee of Rupees One Thousand only.

After complying with the Aadhaar-PAN Linkage requirements, PAN will become operative within thirty days from the date of such intimation.

## Queries?

If you have any queries about this article, please reach out to our experts:



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