

PERMANENT ACCOUNT NUMBER (PAN)

What is PAN?

Permanent Account Number (PAN) is a ten-digit alphanumeric number, issued in the form of a laminated card, by an Assessing Officer of the Income Tax Department. A typical PAN is AFRPP1595D.

WHY IS IT NECESSARY TO HAVE PAN?

It is mandatory to quote PAN on return of income, all correspondence with any income tax authority and challans for any payments due to Income Tax Department. It is also compulsory to quote PAN in all documents pertaining to economic or financial transactions notified from time-to-time by the Central Board of Direct Taxes. Some such transactions are sale and purchase of immovable property or motor vehicle or payments to hotels for bills or payments in cash in connections with travel to any foreign country of amounts exceeding Rs. 25,000/-. It is also mandatory to mention PAN for obtaining a telephone or cellular telephone connection. Likewise, PAN has to be mentioned for making a time deposit exceeding Rs. 50,000/- with a Bank or Post Office or depositing cash of Rs. 50,000/- in a Bank.

At the same time it is also the statutory responsibility of a person receiving document relating to economic or financial transactions notified by the CBDT to ensure that PAN has been duly quoted in the document. All existing assessee or taxpayers or persons who are required to furnish a return of income, even on behalf of others, must obtain PAN. Some such persons are Individuals, Companies, Partnership Firms, HUFs, Trusts or Representative assesses. Further, persons who intending to enter into economic or financial transactions where quoting PAN is mandatory must also obtain PAN.

In addition, the Assessing Officer may allot PAN to any person either suo moto or on a specific request from any person.

HOW TO OBTAIN PAN?

Earlier the Income Tax Department was issuing PAN free of cost. From July 1, 2003 people applying for a PAN card would have to pay Rs.65 each (Rs.60/- as processing fee+Rs.5 as Form charges). Income Tax Department has signed a contract with UTI Investor Services Limited (UISL) to assist it in issuance of PAN Cards. As per the contract the PAN applications received after the above date will be forwarded to UISL and the entire process of collecting the application, to preparing PAN card and dispatching it will be undertaken by UISL. However PAN number will be ultimately allotted by IT department within 10 days of receiving the application.

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