

PAN Aadhaar Linking: Now possible even after 31st March

As per CBDT's recent notification, if you still haven't linked your Permanent Account Number (PAN) with Aadhaar, you will be able to do so even after March 31. However, the PAN will remain **inoperative** for Income Tax purposes until the date you link your PAN with Aadhaar, after March 31.

The current deadline to link your Aadhaar with your Permanent Account Number (PAN) is March 31, 2020.

The Central Board of Direct Taxes (CBDT) recently on February 13 notified the changes made in Income Tax Rules 1962. As per the latest amendment by CBDT, a new rule 114AAA has been inserted after rule 114AA of the Income Tax Rules 1962. The changes made by CBDT provide the possible consequences taxpayers may face if they are unable to link their PAN with Aadhaar before March 31.

CBDT's notification says:

“A person, who has been issued the permanent account number as on July 1, 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.”

This means that if you are not able to complete the process of PAN-Aadhaar linking before March 31 2020, your PAN shall be deemed invalid for furnishing, intimating or quoting. It shall be understood that you never possessed a PAN and all the financial transactions requiring the PAN will not be allowed. Moreover, you will be liable for all the consequences under the Income Tax Act for not furnishing or quoting the PAN.

What happens if the PAN Aadhaar Linking process is completed after March 31?

If you link your PAN with Aadhaar after March 31, 2020, your PAN will become operative only after the date of linking your PAN with Aadhaar. The consequences of not linking your PAN

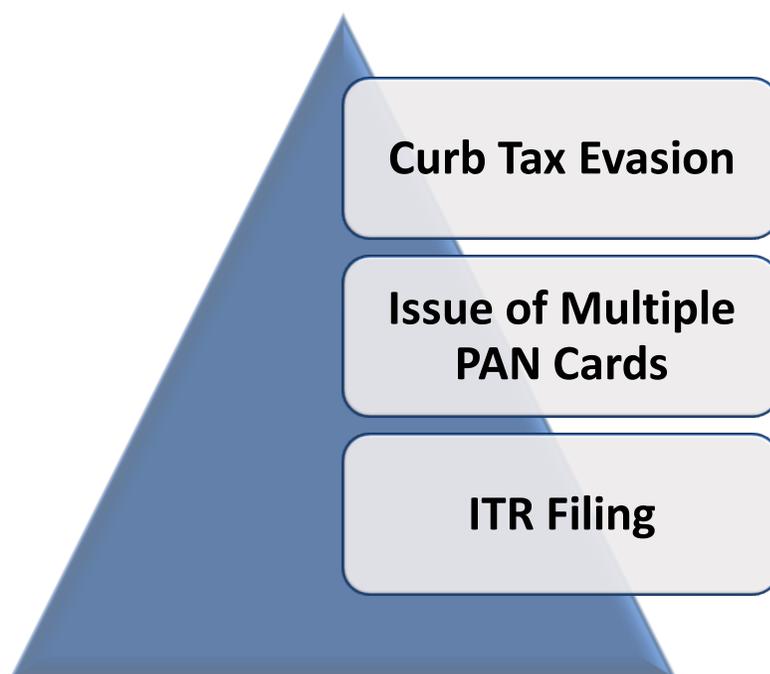
with Aadhaar before 31st as mentioned above will not be applicable to you after you have completed the process of PAN Aadhaar linking. Therefore, you can link your PAN and Aadhaar after the deadline as well with the condition that it will become operative only after the date of linking of Aadhaar with PAN.

Ways of PAN Aadhaar Linking

There are two ways of linking your PAN and Aadhaar. You can complete the process through the *Income Tax e-filing website* or you can simply send an SMS to 567678 or 56161 to complete the process.

In order to link your PAN and Aadhaar through SMS, you will have to send an SMS to 567678 or 56161 from the registered mobile number. You will have to type **UIDPAN<12-digit Aadhaar > <10-digit PAN>** and send it.

Benefits of linking PAN and Aadhaar linking



Curb Tax Evasion: The process of PAN Aadhaar linking will create an audit trail for the Income Tax Department. This way, the government will be able to track all the transactions of a particular individual or an entity, whose identity and address shall be verified by his Aadhaar Card.

Issue of Multiple PAN Cards: By linking PAN with Aadhaar individuals will find it hard to have multiple PAN cards. Having multiple PAN cards have been one of the key ways of evading taxes by spreading income across fictitious PAN cards. By linking PAN and Aadhaar government will be able to link the identity of an entity through his/her Aadhaar card. Hence, the government will be able to get hold of tax evaders.

ITR filing: PAN Aadhaar linking will simplify the process of ITR filing for taxpayers. Taxpayers will no longer have to authenticate their returns with a physical signature or through digital signature. Aadhaar e-verification shall automatically do the job.

Take Away

PAN Aadhaar linking process has been the government's priority for quite some time now. The deadline for the same has been set on March 31 2020. However, as per CBDT's recent notification, you will be able to link your PAN and Aadhaar even after March 31 with certain conditions applied. It is advised to link your PAN and Aadhaar before 31st to avoid any negative consequences.