



Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

Permanent Account Number (PAN)

Various aspects of PAN to be covered

- What is PAN?
- Utility of PAN
- Who has to obtain PAN?
- Transactions in which PAN is mandatory
- How to apply for PAN?
- How to correct any mistake in PAN card or intimate any change in data pertaining to PAN?
- Holding of more than one PAN not allowed
- How to know PAN if the PAN card is lost and PAN is forgotten?
- Penalty for not complying with provisions of PAN

What is PAN?

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card as given below (commonly known as PAN card):



Now we shall discuss on the structure of the ten characters of PAN. For this purpose we shall take an illustrative PAN as given below :





Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

BLG XX D

Out of the first five characters, the **first three** characters represent the alphabetic series running from AAA to ZZZ.

BLG **P** XX D

The **fourth** character of PAN represents the status of the PAN holder.

"**P**" stands for Individual

"**C**" stands for Company

"**H**" stands for Hindu Undivided Family (HUF)

"**A**" stands for Association of Persons (AOP)

"**B**" stands for Body of Individuals (BOI)

"**G**" stands for Government Agency

"**J**" stands for Artificial Juridical Person

"**L**" stands for Local Authority

"**E**" stands for Limited Liability Partnership

"**F**" stands for Firm

"**T**" stands for Trust

Illustrative PAN : BLGP **S** XX D

Fifth character of PAN represents the first character of the PAN holder's last name/surname in case of an individual. In case of non-individual PAN holders fifth character represents the first character of PAN holder's name.





Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

Illustrative PAN : BLGPSI **XXXX**

Next four characters are sequential numbers running from 0001 to 9999.

Illustrative PAN : BLGPS **XXXX** **D**

Last character, i.e., the **tenth** character is an alphabetic check digit.

Utility of PAN

PAN enables the department to identify/ link all transactions of the PAN holder with the department. These transactions include tax payments, TDS/TCS credits, returns of income, specified transactions, correspondence etc, and so on. It facilitates easy retrieval of information of PAN holder and matching of various investments, borrowings and other business activities of PAN holder.

Who has to obtain PAN?

PAN is to be obtained by :

- Every person if his total income or the total income of any other person in respect of which he is assessable during the year exceeds the maximum amount which is not chargeable to tax.
- A charitable trust who is required to furnish return under Section 139(4A)
- Every person who is carrying on any business or profession whose total sale, turnover, or gross receipts are or is likely to exceed five lakh rupees in any year
- Every importer/exporter who is required to obtain Import Export code
- Every person who is entitled to receive any sum/income after deduction of tax at source
- Any person who is liable to pay excise duty or a producer or manufacturer of excisable goods or a registered person of a private warehouse in which excisable goods are stored and an authorized agent of such person



Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

- Persons who issue invoices under Rule 57AE requiring registration under Central Excise Rules, 1944
- A person who is liable to pay the service tax and his agent
- Persons registered under the Central Sales Tax Act or the general sales tax law of the relevant state or union territory
- Every person who intends to enter into specified financial transactions in which quoting of PAN is mandatory

Transactions in which quoting of PAN is mandatory

- Sale or purchase of any immovable property valued at five lakh rupees or more
- Sale or purchase of a motor vehicle or vehicle (other than two wheeled vehicles).
- Making a time deposit with a banking company exceeding fifty thousand rupees or deposit in Post Office Savings Bank exceeding fifty thousand rupees.
- In an application for telephone connection including cellular telephone.
- Payment in cash for purchase of bank drafts or pay orders or banker's cheques for an amount aggregating to fifty thousand rupees or more during any one day or deposit in cash aggregating to fifty thousand rupees or more with a bank during any one day.
- A contract of a value exceeding one lakh rupees for sale or purchase of securities.
- Opening of a bank account. In case of a minor, PAN of Father, Mother or guardian, as the case may be, shall be mentioned
- Payment to hotels and restaurants against their bills for an amount exceeding twenty-five thousand rupees at any one time.
- Payment in cash in connection with travel to any foreign country of an amount exceeding twenty-five thousand rupees at any one time. Travel to foreign country does not include travel to Bangladesh, Bhutan, Maldives, Nepal, Pakistan or Sri Lanka or Travel to Saudi Arabia for Haj or travel to China on Pilgrimage to Kailash Mansarover.
- Making an application for issue of credit card or debit card.
- Payment of an amount of fifty thousand rupees or more to a Mutual Fund for purchase of its units.
- Payment of an amount of fifty thousand rupees or more to a company for acquiring shares issued by it.
- Payment of an amount of fifty thousand rupees or more to a company or an institution for acquiring debentures or bonds issued by it;
- Payment of an amount of fifty thousand rupees or more to the Reserve Bank of India for acquiring bonds issued by it.
- Payment of an amount aggregating fifty thousand rupees or more in a year as life insurance premium to an insurer.
- Payment to a dealer :



Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

- i. of an amount of five lakh rupees or more at any one time; or
- ii. against a bill for an amount of five lakh rupees or more for purchase of bullion or jewellery

A person not holding PAN and intending to enter into the specified transactions can furnish Form No. 60 (Form 61 in case of person having only agricultural income).

How to apply for PAN?

Income Tax Department has authorised UTI Infrastructure Technology and Services Limited (UTIITSL) and National Securities Depository Limited (NSDL) to set-up and manage PAN Service Centers. UTIITSL and NSDL have established PAN Service Centers and TIN Facilitation Centers at various places in major cities of India (hereinafter referred to as PAN application centers of UTIITSL/NSDL).

Thus, a person wishing to obtain PAN can apply for PAN by submitting the PAN application form (Form 49A/49AA) along with the related documents and prescribed fees at the PAN application center of UTIITSL or NSDL. An online application can also be made from the website of UTIITSL or NSDL.

In case of an applicant, being a company which has not been registered under the Companies Act, 2013, the application for allotment of a Permanent Account Number may be made in Form No. INC-7 specified under sub-section (1) of section 7 of the said Act for incorporation of the company.

A resident person shall apply for PAN in form 49A and a non-resident person including a foreign company shall apply for allotment of PAN in form 49AA.

Individual applicants will have to affix two recent, coloured photograph (Stamp size 3.5 cms x 2.5. cms) on PAN application form.

Prescribed document must be furnished as a proof of 'Identity' 'Address' and 'Date of Birth'.

Designation and Code of concerned Assessing Office of Income Tax Department will have to be mentioned in PAN application form.

The address, phone numbers, etc., of PAN application centers of UTIITSL or NSDL at which PAN application can be submitted can be obtained from :

- Website of Income Tax Department : www.incometaxindia.gov.in
- Website of UTIITSL : www.utiitsl.com
- Website of NSDL : www.tin-nsdl.com



Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

How to correct any mistake in PAN card or intimate any change in data pertaining to PAN?

Request for reissue of lost PAN card or for change/correction in PAN data is to be filed in “Request For New PAN Card Or/ And Changes Or Correction in PAN Data”.

- For Changes or Correction in PAN data, fill all mandatory fields of the Form and select the corresponding box on left margin of appropriate field where correction is required.
- If the application is for re-issuance of a PAN card without any changes in PAN related data of the applicant, fill all fields in the Form but do not select any box on left margin.
- In case of either a request for Change or Correction in PAN or request for re-issuance of a PAN Card without any changes in PAN data, the address for communication will be updated in the ITD database using address for communication provided in the application.
- For Cancellation of PAN, fill all mandatory fields in the Form, enter PAN to be cancelled in appropriate column of the Form and select the check box on left margin. PAN to be cancelled should not be same as PAN (the one currently used) mentioned at the top of the Form.

Holding of more than one PAN not allowed

A person cannot hold more than one PAN. A penalty of Rs. 10,000/- is liable to be imposed under section 272B of the Income-tax Act, 1961 for having more than one PAN.

If a person has been allotted more than one PAN then he should immediately surrender the additional PAN card(s).

How to know PAN, if the PAN card is lost and PAN is forgotten?

In such a case, one can know his PAN by using the facility of “Know Your PAN” provided by the Income Tax Department. This facility can be availed of from the website of Income Tax Department -www.incometaxindia.gov.in

A person can know his PAN online by providing his core details like Name, Father's Name and Date of Birth.

After knowing the PAN you can apply for duplicate PAN card by submitting the “Request For New PAN Card Or/ And Changes Or Correction in PAN Data”.

Penalty for not complying with provisions relating to PAN

Section 272B provides for penalty in case of default by the taxpayer in complying with the provisions relating to PAN, i.e., not obtaining PAN even when he is liable to obtain PAN or knowingly quoting incorrect PAN in any prescribed document or intimating incorrect PAN to the person deducting tax or person collecting tax.

Penalty of Rs. 10,000 under section 272B can be levied.



MCQ on Permanent Account Number

Q1. Permanent Account Number (PAN) is a _____ digit unique alphanumeric number issued by the Income Tax Department.

- (a) Twenty (b) Fifteen
(c) Ten (d) Five

Correct answer : (c)

Justification of correct answer :

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card).

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct digit formation of PAN, all the other options viz. option (a), (b) and (d) giving incorrect digit formation of PAN are not correct.

Q2. Out of the first _____ characters, the first three characters represent the alphabetic series running from AAA to ZZZ.

- (a) Ten (b) Seven
(c) Five (d) Four

Correct answer : (c)

Justification of correct answer :

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card). Out of the first five characters, the first three characters represent the alphabetic series running from AAA to ZZZ.

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct digit formation of PAN, all the other options viz. option (a), (b) and (d) giving incorrect digit formation of PAN are not correct.

Q3. The fifth character of PAN represents the status of the PAN holder.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :





Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card). Out of the first five characters, the first three characters represent the alphabetic series running from AAA to ZZZ. The **fourth** character of PAN represents the status of the PAN holder.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q4. Last character, i.e., the tenth character is an _____.

- | | |
|----------------------------|-------------------------|
| (a) Identification | (b) Symbol |
| (c) Alphabetic check digit | (d) Numeric check digit |

Correct answer : (c)

Justification of correct answer :

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card). Last character, i.e., the tenth character is an alphabetic check digit.

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct digit formation of PAN, all the other options viz. option (a), (b) and (d) giving incorrect digit formation of PAN are not correct.

Q5. Every person who is required to file the return of income or is required to file the return of income on behalf of any other person has to obtain PAN. Apart from such person, no other person has to obtain PAN.

- | | |
|----------|-----------|
| (a) True | (b) False |
|----------|-----------|

Correct answer : (b)

Justification of correct answer :

PAN is to be obtained by following persons :

- Every person who is required to file the return of income or is required to file the return of income on behalf of any other person.
- Every person who is carrying on any business or profession whose total sale, turnover or gross receipts are likely to exceed five lakh rupees in any previous year.
- Every importer/exporter who is required to obtain Import Export Code.
- Every person who is going to receive any sum/income after deduction of tax at source.
- Every person who wants to obtain registration under Central Excise Law.
- Every person who wants to obtain registration under Service Tax Law.
- Every person who wants to obtain registration under Sales Tax Law.
- Every person who intends to enter into specified financial transactions in which quoting of PAN is mandatory.





Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q6. There is not bar on obtaining more than one PAN *i.e.* a person can hold more than one PAN.

- (a) True (b) False

Correct answer : (b)

Justification of correct answer :

A person cannot hold more than one PAN. A penalty of Rs. 10,000/- is liable to be imposed under section 272B of the Income-tax Act, 1961 for having more than one PAN.

If a person has been allotted more than one PAN then he should immediately surrender the additional PAN card(s).

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q7. If a person fails to comply with the provisions relating to PAN (*i.e.* obtaining PAN, quoting PAN, etc.), then penalty can be levied under section _____

- (a) 272 (b) 272A
(c) 272B (d) 271

Correct answer : (c)

Justification of correct answer :

Section 272B provides for penalty in case of default by the taxpayer in complying with the provisions relating to PAN, *i.e.*, not obtaining PAN, even though he is liable to obtain PAN or knowingly quoting incorrect PAN in any prescribed document in which PAN is to be quoted or intimating incorrect PAN to the person deducting tax or person collecting tax. Penalty of Rs. 10,000 under section 272B can be levied.

Thus, option (c) is the correct option.

Comment on incorrect answer : Option (c) is the correct option since it gives the correct section reference, all the other options viz. option (a), (b) and (d) giving incorrect section reference are not correct.

Q8. Application for obtaining PAN is to be made in Form _____ (in case of a resident).

- (a) 49 (b) 49A
(c) 49B (d) ITR – 1

Correct answer : (b)

Justification of correct answer :



Income Tax Department
Department of Revenue, Ministry of Finance, Government of India

A person wishing to obtain PAN can apply for PAN by submitting the PAN application form (Form 49A) along with the related documents and prescribed fees at the PAN application center of UTIITSL or NSDL.

Thus, option (b) is the correct option.

Comment on incorrect answer : Option (b) is the correct option since it gives the correct form reference, all the other options viz. option (a), (b) and (d) giving incorrect form reference are not correct.

Q9. One can apply for PAN by submitting the PAN application form (Form 49A/49AA) along with the related documents and prescribed fees at the PAN application center of UTIITSL or NSDL. Online application for PAN is not allowed.

(a) True

(b) False

Correct answer : (b)

Justification of correct answer :

A person wishing to obtain PAN can apply for PAN by submitting the PAN application form (Form 49A/49AA) along with the related documents and prescribed fees at the PAN application center of UTIITSL or NSDL. An online application can also be made from the website of UTIITSL or NSDL.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

Q10. There are certain specified financial transactions in which quoting of PAN is mandatory, if a person intending to enter into the transaction does not hold PAN then he has to furnish form 49A.

(a) True

(b) False

Correct answer : (b)

Justification of correct answer :

There are certain specified financial transactions in which quoting of PAN is mandatory, A person not holding PAN and intending to enter into the specified transactions can furnish Form No. 60 (Form 61 in case of person having only agricultural income).

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Comment on incorrect answer : The statement given in the question is false, hence, option (a) is not correct.

