



TAX ALERT

Changes in Rules of Mandatory Quoting of PAN

Government of India (Incometax Department) has announced changes as regards mandatory quoting of PAN (Permanent Account Number) in certain transactions. The said changes are effective from 1st January 2016. The same are summarised in following table.

SI.	NATURE OF TRANSACTION	MANDATORY QUOTING OF PAN	
		Existing requirement	New requirement with effect from 1 st January 2016.
1.	Immovable property	Sale/ purchase valued at Rs.5 lakh or more	i. Sale/ purchase exceeding Rs.10 lakh; ii. Properties valued by Stamp Valuation authority at amount exceeding Rs.10 lakh will also need quoting PAN.
2	Motor vehicle (other than two wheeler)	All sales/purchases	No change
3.	Time deposit	Time deposit exceeding Rs.50,000/- with a banking company	i. Deposits with Co-op banks, Post Office, Nidhi, NBFC companies will also need PAN; ii. Deposits aggregating to more than Rs.5 lakh during the year will also need PAN
4.	Deposit with Post Office Savings Bank	Exceeding Rs.50,000/-	Discontinued and merged with item No.3 of this table
5.	Sale or purchase of securities	Contract for sale/purchase of a value exceeding Rs.1 lakh	No change

6.	Opening an account (other than time deposit) with a banking company.	All new accounts.	i. Basic Savings Bank Deposit Account excluded (no PAN requirement for opening these accounts); ii. Co-operative banks also to comply
7.	Installation of telephone/ cell phone connections	All instances	Discontinued
8.	Hotel/restaurant bill(s)	Exceeding Rs.25,000/- at any one time (by any mode of payment)	Cash payment exceeding Rs.50,000/-.
9.	Cash purchase of bank drafts/ pay orders/ banker's cheques	Amount aggregating to Rs.50,000/- or more during any one day	Exceeding Rs.50,000/- on any one day.
10.	Cash deposit with banking company	Cash aggregating to Rs.50,000/- or more during any one day	Cash deposit exceeding Rs.50,000/- in a day.
11.	Foreign travel	Cash payment in connection with foreign travel of an amount exceeding Rs.25,000/- at any one time (including fare, payment to travel agent, purchase of forex)	Cash payment in connection with foreign travel or purchase of foreign currency of an amount exceeding Rs.50,000/- at any one time (including fare, payment to travel agent)
12.	Credit card	Application to banking company/ any other company/institution for credit card	No change. Co-operative banks also to comply.
13.	Mutual fund units	Payment of Rs.50,000/- or more for purchase	Payment exceeding Rs.50,000/- for purchase.
14.	Shares of company	Payment of Rs.50,000/- or more to a company for acquiring its shares	i. Opening a demat account; ii. Purchase or sale of shares of an unlisted company for an amount exceeding Rs.1 lakh per transaction.
15.	Debentures/ bonds	Payment of Rs.50,000/- or more to a company/ institution for acquiring its debentures/ bonds	Payment exceeding Rs.50,000/-.

16.	RBI bonds	Payment of Rs.50,000/-or more to RBI for acquiring its bonds	Payment exceeding Rs.50,000/-.
17.	Life insurance premium	Payment of Rs.50,000/- or more in a year as premium to an insurer	Payment exceeding Rs.50,000/- in a year.
18.	Purchase of jewellery/bullion	Payment of Rs.5 lakh or more at any one time or against a bill	Deleted and merged with item No.19 of this table
19.	Purchases or sales of goods or services	No requirement	Purchase/ sale of any goods or services exceeding Rs.2 lakh per transaction.
20.	Cash cards/ prepaid instruments issued under Payment & Settlement Act	No requirement	Cash payment aggregating to more than Rs. 50,000 in a year.

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