

INCOME TAX UPDATE

**Rule 114B: CBDT amends
PAN related Rules for Foreign
Companies & NRs Transacting
with IFSC Banking Units**



Rule 114B: CBDT Amends PAN-related Rules for Foreign Companies and NRs Transacting with IFSC Banking Units

The Central Board of Direct Taxes (CBDT) has amended rules related to obtaining and quoting Permanent Account Number (PAN). The amendments have been made in Rule 114B, 114BA and 114BB of the Income Tax Rules, 1962 (the Rules).

A. Amendment in Rule 114B:

Rule 114B points out various transactions in relation to which quoting of PAN is mandatory. Second Proviso to this rule allows a person to furnish a declaration in Form No. 60 if they do not hold a PAN.

The CBDT has amended this proviso to exclude a company or a firm from the requirement to furnish Form No. 60.

Also, a new proviso has been inserted to allow a foreign company to furnish a declaration in Form No. 60 if such foreign company has no income which is chargeable to income tax in India and does not have a PAN. This relaxation is available only with respect to the following transactions entered into with an IFSC banking unit:

- a) Opening an account [other than a basic savings bank deposit account] with the bank;

b) A time deposit if the amount of deposit exceeds Rs. 50,000 in each transaction or Rs.5 lakhs in aggregate during a financial year with bank, post office, Nidhi Co. or NBFC.

Necessary amendments have been carried out in Form 60 to give effect to above.

B. Amendment in Rule 114BA and Rule 114BB:

Rule 114BA provides certain additional situations where a person is required to obtain a PAN. Rule 114BB stipulates that a person must quote either his PAN or Aadhaar number if he enters into any of the prescribed transactions.

Both these rules have been amended to provide that these rules do not apply if a non-resident or foreign company conducts transactions with an IFSC banking unit that involves deposits or withdrawals through means other than cash or opening a current account that is not a cash credit account, subject to the condition that the non-resident/foreign company has no income chargeable to tax in India.

For details, please refer the CBDT notification dated 10.10.2023:

<https://incometaxindia.gov.in/communications/notification/notification-88-2023.pdf>

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