

**INCOME TAX UPDATE**

**Non-linkage of PAN-Aadhar  
-CBDT gives relief to tax  
deductors/collectors**



## **Non-linkage of PAN-Aadhaar: CBDT gives relief to tax deductors/collectors**

CBDT vide Circular No. 06/2024 dated 23.04.2024 provides partial relief to tax deductors/collectors by not treating them as defaulter for not deducting/collecting the TDS/TCS at higher rate u/s Section 206AA/206CC on the transactions entered upto 31.03.2024 with the persons whose PAN was non-operative (due to non-linkage of PAN with Aadhaar). This relief applies if the PAN of the deductee/collectee becomes operative (due to linkage with Aadhaar) on or before 31.05.2024.

This circular apprises that:

- CBDT vide Circular No. 3/2023 dated 28.03.2023 had specified that with effect from 01.07.2023 to the date till the PAN becomes operative, the person who has failed to intimate the Aadhaar number in

accordance with section 139AAA of the Income-tax Act, 1961 (the Act) r.w.r 114AAA shall face the following consequences as a result of his PAN becoming inoperative:

- (i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made to him;
- (ii) interest shall not be payable to him on such refund for the period, beginning with the date specified under rule 114AAA(4) and ending with the date on which it becomes operative;
- (iii) where tax is deductible under Chapter XVII-B in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of section 206AA;
- (iv) where tax is collectible at source under Chapter XVII-BB in case of such person, such tax shall

be collected at higher rate, in accordance with the provisions of section 206CC.

- CBDT further mentions that several grievances have been received from the taxpayers (tax deductors/collectors) that they are in receipt of notices intimating that they have committed default of 'short deduction/ collection' of TDS/TCS due to inoperative PAN of the deductee/collectee and the deduction/collection was not made at a higher rate u/s 206AA/206CC.
- Therefore, with a view to addressing the difficulty faced by such tax deductors/collectors, CBDT, in partial modification and in continuation of Circular No. 3 of 2023, specifies that for the transactions entered into upto 31.03.2024 and in cases where the PAN becomes operative (as a result of linkage with Aadhaar) on or before 31.05.2024, there shall

be no liability on the deductor/collector to deduct/collect the tax under section 206AA/206CC, as the case maybe, and the deduction/collection as mandated in other provisions of Chapter XVII-B or Chapter XVII-BB of the Act, shall be applicable.

For details, please refer to the following:

CBDT Circular No. 06/2024 dated 23.04.2024

<https://incometaxindia.gov.in/communications/circular/circular-6-2024.pdf>

*DISCLAIMER: - The summary information herein is based on CBDT Circular No. 06/2024 dated 23.04.2024. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.*