

**Update on**  
**Law on**  
**linking of**  
**Aadhaar number with PAN**

1. The Finance Act, 2017 has inserted a new section 139AA to the Income Tax Act, 1961 mandating linking of Aadhaar number with PAN *w.e.f* 1.7.2017.
2. This provision was not proposed in the Finance Bill, 2017. The amendment was proposed in the Parliament during the course of discussion on the Finance Bill *vide* clause 56 (as amended) of the Bill (now section 56 of the Finance Act, 2017)
3. The newly inserted section 56 of the Finance Act, 2017 provides as follows:

**56.** After section 139A of the Income-tax Act, the following section shall be inserted, namely:—

**139AA. Quoting of Aadhaar number**

(1) Every person who is eligible to obtain Aadhaar number shall, on or after the 1st day of July, 2017, quote Aadhaar number—

(i) in the application form for allotment of permanent account number;

(ii) in the return of income:

Provided that where the person does not possess the Aadhaar number, the Enrolment ID of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number or, as the case may be, in the return of income furnished by him.

(2) Every person who has been allotted permanent account number as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to such authority in such form and manner as may be prescribed, on or before a date to be notified by the Central Government in the Official Gazette:

Provided that in case of failure to intimate the Aadhaar number, the permanent account number allotted to the person shall be deemed to be invalid and the other provisions of this Act shall apply, as if the person had not applied for allotment of permanent account number.

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(3) The provisions of this section shall not apply to such person or class or classes of persons or any State or part of any State, as may be notified by the Central Government in this behalf, in the Official Gazette.

*Explanation.*—For the purposes of this section, the expressions—

(i) "Aadhaar number", "Enrolment" and "resident" shall have the same meanings respectively assigned to them in clauses (a), (m) and (v) of section 2 of the Aadhaar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act, 2016;

(ii) "Enrolment ID" means a 28 digit Enrolment Identification Number issued to a resident at the time of enrolment.'

4. Central Government has issued a **press release** dated 11.5.2017 clarifying the provisions of section 139AA, which is as follows:

Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes  
New Delhi, 11th May, 2017.

**PRESS RELEASE**

**Income Tax Department simplifies linking PAN with Aadhaar**

The Income Tax Department has made it easy for taxpayers to link their PAN with Aadhaar. Responding to grievances of taxpayers regarding difficulties in linking PAN with Aadhaar their **names did not match in both systems** (Eg. Names with initials in one and expanded initials in another). the Department has come out with a simple solution now.

Taxpayers can go to [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in) and click on the link on the left pane-> Link Aadhaar, provide PAN, Aadhaar no. and ENTER NAME EXACTLY AS GIVEN IN AADHAAR CARD (avoid spelling mistakes) and submit. After verification from UIDAI, the linking will be confirmed.

In case of any **minor mismatch** in Aadhaar name provided by taxpayer when compared to the actual data in Aadhaar, One Time Password (Aadhaar OTP) will be sent to the **mobile registered with Aadhaar**. Taxpayers should **ensure** that the **date of birth and gender in PAN and Aadhaar** are exactly same. In a rare case where Aadhaar name is completely different from name in PAN, then the linking will fail and taxpayer will be prompted to change the name in either Aadhaar **or** in PAN database.

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There is no need to login **or** be registered on E-filing website. This facility can be used by anyone to link their Aadhaar with PAN.

This facility is also available after login on the e-filing website under Profile settings and choose Aadhaar linking. The details as per PAN will be pre-populated. Enter Aadhaar no. and ENTER NAME EXACTLY AS GIVEN IN AADHAAR CARD (avoid spelling mistakes) and submit.

Taxpayers are requested to use the simplified process to complete the linking of Aadhaar with PAN immediately. This will be useful for E-Verification of Income Tax returns using OTP sent to their mobile registered with Aadhaar.

(Meenakshi J Goswami)

CIT (Media & Technical Policy)

Official Spokesperson, CBDT

5. Income Tax Department has provided facility and link for linking of Aadhaar number with PAN on its e-filing portal [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in). In this regards the department is sending individual mails to PAN holders also, as follows:

The Income Tax Department has made it easy for taxpayers to link their PAN with Aadhaar.

It was reported that taxpayers were finding it difficult as their **names did not match in both systems** (e.g. Names with initials in one **and** expanded initials in another). Responding to such grievances, the Dept has come out with a simple solution now:

- just go to [www.incometaxindiaefiling.gov.in](http://www.incometaxindiaefiling.gov.in) **and** click on the link on the left pane -> **Link Aadhaar**.
- provide PAN,
- provide Aadhaar number **and**
- enter the name exactly as given in Aadhaar Card (avoid spelling mistakes) **and**
- submit.

After verification from UIDAI, the linking will be confirmed.

In case of **any minor mismatch** in Aadhaar name provided, Aadhaar OTP will be required. One Time Password (Aadhaar OTP) will be sent to the **mobile registered with Aadhaar**.

Please **ensure** that the -

- date of birth **and**
- gender

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in –

- PAN **and**
  - Aadhaar
- are exactly same.

There is no need to login **or** be registered on E-filing website.

This facility can be used by anyone to link their Aadhaar with PAN.

In a **rare case** where **Aadhaar name is completely different from name in PAN**, then the linking will fail and taxpayer will be prompted to **change the name** -

- in either Aadhaar **or**
- in PAN database.

This facility is also available after login.

- Go to Profile settings **and**
- choose Aadhaar linking.
- The details as per PAN are pre-populated.
- Enter Aadhaar number **and**
- enter the name exactly as given in Aadhaar Card (avoid spelling mistakes) **and**
- submit.

Please use the simplified process to complete the linking of Aadhaar with PAN as ap. This will be useful for E-Verification of Income Tax returns using Aadhaar OTP.

E-Filing team

## **Comments**

### **Section 139AA(1)**

1. Sub-section (1) provides that -

- **every** person
- who is **eligible** to obtain Aadhaar number
- shall,
- on **or** after the 1st day of July, 2017,
- **quote** Aadhaar number —

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- (i) in the application form for allotment of permanent account number
- (ii) in the return of income

- provided that
  - where the person **does not possess** the Aadhaar number,
  - the Enrolment ID of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number **or**, as the case may be, in the return of income furnished by him.
2. Aadhaar number shall be required to be **quoted** by every **'eligible person'** on or after 1.7.2017 in the application for allotment of PAN and ITR.
  3. If the 'eligible person' **does not possess Aadhaar number**, he may quote the 'enrolment ID of Aadhaar'
  4. As per **section 3(1)** of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 **every resident shall be entitled to obtain an Aadhaar number.**
  5. As per **section 2(v)** of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 **"resident"** means -
    - an **individual**
    - who has **resided** in India
    - for a period **or** periods
    - amounting in all
    - to one hundred and eighty-two days **or** more
    - in the twelve months
    - immediately preceding the date of application for enrolment;
  6. It means that following person is the **"eligible person"** for the purpose of section 139AA(1):
    - he is an **individual**
    - he has resided in India for a period or periods (it means during one stay of in more than one stay) 182 days of more in 12 months immediately preceding the date of application for enrolment.

### Section 139AA(2)

7. Sub-section (2) provides that -
  - **every** person
  - who has been allotted permanent account number as on the 1st day of July, 2017, **and**

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- who is eligible to obtain Aadhaar number,
  - shall
  - **intimate** his Aadhaar number
  - to such authority
  - in such –
    - form and
    - manneras may be **prescribed**,
  - on **or** before **a date**
  - to be **notified** by the Central Government in the Official Gazette:
  - provided that
  - in case of **failure to intimate** the Aadhaar number,
  - the permanent account number allotted to the person
  - **shall be deemed to be invalid and**
  - the other provisions of this Act shall apply,
  - as if the person had not applied for allotment of permanent account number.
8. Section 139AA(2) casts an **obligation** on following persons to **intimate** his Aadhaar number to the prescribed authority:
- every person who has been allotted PAN as on 1.7.2017, **and**
  - every person who is eligible to obtain Aadhaar number
9. The Aadhaar number is to be **intimated** –
- to such authority
  - in such form
  - in such manner
- as may be **prescribed**.
10. It means that in accordance with the provisions of **section 2(33) r/w section 295** the Board (CBDT) shall made **rules** for **prescribing** the authority, form and manner of **intimating** Aadhaar number.
11. The Central Government, by way of notification notify the date on or before which Aadhaar number is to be intimated by every eligible person after 1.7.2017 in accordance with section 139AA(2) of the Act.
12. In case the eligible person **fails to intimate** his Aadhaar number by the **notified date** to the **prescribed authority** in the **prescribed form** and in the **prescribed manner**, the PAN allotted to such eligible person shall be deemed to be invalid **and** may be liable of Rs. 10000/- u/s 272B(1) of the Act.

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13. The **other consequential effect of failure to intimate** Aadhaar number by the **notified date** to the **prescribed authority** in the **prescribed form** and in the **prescribed manner shall commit defaults** under various provisions of the Income Tax Act, 1961 **and** Income Tax Rules, 1962 where the a PAN holding person is obliged to quote **or** intimate his PAN to the other contracting person **and** accordingly such person **shall not be able** to carry out transactions wherever quoting or mentioning of PAN is mandatory. Following are few such provisions:

- Section 139A(5)(a) - Quoting of PAN in all returns.
- Section 139A(5)(a) - Quoting of PAN in all correspondence with any income-tax authority
- Section 139A(5)(b) - Quoting of PAN in all challans for payment of any sum under the Act.
- Section 139A(5)(c) - Quoting of PAN in all documents prescribed u/r 114B.
- Section 139A(5A) - Intimation of PAN for the purpose of TDS at normal rates.
- Section 139A(5A) - Intimation of PAN for the purpose of TDS so as to get credit of such TDS.
- Section 139A(5B) - Enabling the deductor to quote PAN of deductee.
- Section 139A(5C) - Intimation of PAN for the purpose of TCS at normal rates.
- Section 139A(5D) - Enabling the collector to quote PAN of collectee.

### **Section 139AA(3)**

14. Sub-section (2) provides that -

- the provisions of this section
- shall **not** apply
- to such –
  - person **or**
  - class **or**
  - classes of persons **or**
  - any State **or**
  - part of any State,as may be **notified** by the Central Government in this behalf, in the Official Gazette.

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15. Accordingly, the Central Government, *i.e.* the Department of Revenue of Ministry of Finance has issued notification No. 37/217 dated 11.5.2017, as follows:

**MINISTRY OF FINANCE  
(Department of Revenue)**

**NOTIFICATION**

New Delhi, the 11th May, 2017

**S.O. 1513 (E).**—In exercise of the powers conferred by sub-section (3) of section 139AA of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that the provisions of section 139AA shall not apply to an individual who does not possess the Aadhaar number or the Enrolment ID and is :-

- (i) residing in the States of Assam, Jammu and Kashmir and Meghalaya;
- (ii) a non-resident as per the Income-tax Act, 1961;
- (iii) of the age of eighty years or more at any time during the previous year;
- (iv) not a citizen of India.

2. This notification shall come into force with effect from the 1st day of July, 2017.

[Notification No. 37/2017, F. No. 370133/6/2017-TPL]  
ABHISHEK GAUTAM, Under Secy.

16. Accordingly to the above notification, persons mentioned in clause (i), (ii), (iii) and (iv) above **shall not be required to quote or intimate** their Aadhaar numbers as required in sub-section (1) and (2) of section 139AA. These persons are:

- Person **residing in the States** of –
  - Assam,
  - Jammu & Kashmir, **and**
  - Meghalaya
- **Non-resident** {as defined in section 2(30) of the Income Tax Act, 1961 }
- Persons of the **age of 80 years or more** at any time during the previous year
- Person **not a citizen of India.**

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### [Explanation to Section 139AA\(3\)](#)

17. Explanation to section 139AA provides the meaning of expressions used in the section, as follows:

*Explanation.*—For the purposes of this section, the expressions—

- (i) "**Aadhaar number**", "**Enrolment**" **and** "**resident**" shall have the same Meanings respectively assigned to them in clauses (a), (m) and (v) of section 2 of the Aadhaar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act, 2016;
- (ii) "**Enrolment ID**" means a 28 digit Enrolment Identification Number issued to a resident at the time of enrolment.

### [Practical aspects](#)

18. I have experienced that in some cases the Income Tax Department has *suo moto* linked PAN of a person with his Aadhaar number. After logging in web page of a person, when under > profile setting > Aadhaar link is clicked following message shall be flashed :

“Your PAN is linked to Aadhaar No. 00XXXXXX0000”

In above communication first two digits and last four digits are from the Aadhaar number of such person. It means that his PAN is already linked to his Aadhaar number.

19. Wherever *suo moto* linking has *not* been done, following message *may* flash:

### [Link Aadhaar](#)

### [Instructions](#)

Enter your Aadhaar Number in the text box provided below and Click on "Link Aadhaar" button.

Income Tax Department will validate your Name, Date of Birth, Gender as per PAN and Aadhaar Number with UIDAI. Please note that if the details do not match, the Aadhaar Number will NOT be linked to your PAN.

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Name as per PAN details {it will be auto populated from PAN data}  
Date of Birth as per PAN details {it will be auto populated from PAN data}  
Gender as per PAN details {it will be auto populated from PAN data}

Aadhaar Number \*

Name as per AADHAAR \*

### Note:

Please ensure the Date of Birth, Gender and Aadhaar Number is as per Aadhaar details to proceed further.

If Name as per Aadhaar is not exactly matched then user has to additionally provide Aadhaar OTP or EVC to proceed with partial name match.

Once Aadhaar PAN linking is completed, you can eVerify your return using Aadhaar, if your mobile is registered with Aadhaar.

20. Before attempting to link up, ***please ensure*** that your Aadhaar data contain a valid ***mobile number*** and you have access to the same, because Aadhaar OPT shall be sent to such mobile number, in case of minor mismatch in the name.
21. Wherever ***suo moto*** linking has ***not*** been done, and there any ***mismatch*** between PAN data and Aadhaar data, following message ***shall*** flash:

### **“Link Aadhaar**

Your PAN is not linked to Aadhaar. The following could be the reasons for failure:

1. Name, Date of Birth or Gender in PAN database does not match with Aadhaar database.

To update your PAN details please contact NSDL at <https://www.onlineservices.nsdl.com/paam/endUserRegisterContact.html> and to update your Aadhaar card details please contact UIDAI at <https://ssup.uidai.gov.in/web/guest/update>.

2. Aadhaar Number that you have entered does not exist in Aadhaar database.

If you want to proceed with Aadhaar Linking, click on Continue button”

**Disclaimer**

*This document has been prepared for academic use only, to understand the scope and implications of the provisions of new section 139AA relating to the above dealt subject and to share the same with the fellow professionals and all concerned. Though every effort has been made to avoid errors or omissions in this document yet any error or omission may creep in. Therefore, it is notified that I shall not be responsible for any damage or loss to any one, of any kind, in any manner there from. I shall also not be liable or responsible for any loss or damage to any one in any matter due to difference of opinion or interpretation in respect of the text. On the contrary it is suggested that to avoid any doubt the user should cross check the correct law and the contents with the published / notified / Gazetted materials including the referred amended Act..*

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