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Quoting of Aadhaar in tax returns not mandatory for non-Indian citizens and non-residents – notification issued

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In this issue:

[Background](#)

[Highlights of the notification and press release](#)

[Comments](#)

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Background

- Recent amendments to the Income Tax Act, 1961 require every person who is eligible to obtain Aadhaar number –
 - To quote the Aadhaar number in the income tax return to be filed on or after July 01, 2017;
 - To communicate the Aadhaar number to the prescribed authority in respect of Permanent Account Number ('PAN') allotted as on July 01, 2017;
- If an individual fails to link the Aadhaar number with PAN, the PAN so allotted shall be deemed to be invalid and would be treated as not having applied for PAN
- The amendment also provides that a certain class of people may be exempt from the above provisions

Highlights of the notification and press release

- The ministry of finance has now issued a notification providing for the exemptions as well as a press release on the process for linking PAN with Aadhaar.
- The notification provides that quoting of Aadhaar number or the enrolment ID shall not apply to an individual who is:
 - residing in the states of Assam, Jammu and Kashmir and Meghalaya;
 - a non-resident as per the Income-tax Act, 1961;
 - of the age of eighty years or more at any time during the previous year;
 - not a citizen of India.
- The press release indicates that in view of the difficulties being faced by the taxpayers in linking PAN with Aadhaar, the Income Tax department has simplified the process for the same.
- The facility of linking PAN with Aadhaar is also available to those who are not registered on e-filing website. The linking may be completed without logging in to the account.
- To Link PAN with Aadhaar, the below mentioned process needs to be followed:
 - Go to www.incometaxindiaefiling.gov.in and click on the link on the left pane -> Link Aadhaar.
 - Provide PAN, Aadhaar number, and enter name as appearing on Aadhaar card and submit.
 - After verification from UIDAI, linking will be confirmed.
- In case of any minor mismatch in Aadhaar name provided, vis-à-vis the name appearing on Aadhaar card, a One-Time-Password (Aadhaar OTP) will

be sent to the registered mobile number for verification. Other details such as date of birth and gender in PAN and Aadhaar should be same.

- In cases where the Aadhaar name is completely different from the name in PAN, then the linking will fail and the person would need to change the name in either Aadhaar or in PAN database.

Comments

Exempting non-residents and non-Indian citizens from quoting Aadhaar in their tax return/ linking PAN to Aadhaar is definitely welcome. Challenges could still be faced by individuals who are residents during the financial year for which the return is being filed, but have been unable to obtain Aadhaar since they were not present in India while filing the returns.

The government has urged tax payers to complete the linking of Aadhaar with PAN since this would assist taxpayers to e-verify their income tax returns.

Source:

- Gazette Notification Number - S.O. 1513(E) released by the Ministry of Finance dated May 11, 2017
- Press Release by CBDT dated 11th May, 2017

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