

F. No. 370142/14/2022-TPL  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

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New Delhi, Dated the 28<sup>th</sup> of March, 2023

**Sub.: Consequences of PAN becoming inoperative as per the newly substituted rule 114AAA – reg.**

Consequent to the notification substituting rule 114AAA of the Income-tax Rules, 1962 (the Rules) *vide* notification no. 15 of 2023 dated 28<sup>th</sup> March, 2023, it is hereby clarified that a person who has failed to intimate the Aadhaar number in accordance with section 139AA of the Income-tax Act, 1961 (the Act) read with rule 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 sub-rule (4) of rule 114AAA 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.

2. These consequences shall take effect from 1<sup>st</sup> July, 2023 and continue till the PAN becomes operative. A fee of one thousand rupees will continue to apply to make the PAN operative by intimating the Aadhaar number.

3. The consequences of PAN becoming inoperative shall not be applicable to those persons who have been provided exemption from intimating Aadhaar number under the provisions of sub-section (3) of section 139AA of the Act.

4. This is in supersession of the Circular No. 07 of 2022 of CBDT dated 30<sup>th</sup> March, 2022.
5. Hindi version to follow.

*P. Amrutha*

**P. Amrutha varshini**

**Under Secretary (TPL-IV), CBDT**

**Copy to:**

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