

Subject: Handling of orders in the case of inoperative PANs in ITBA (Web Service & MOU) and Legacy AST w.e.f. 01.07.2023

Rule 114AAA(3)(ii) of the Income Tax Rules, read with Circular No. 3 of 2023 , provides, inter -alia, that if a PAN has become inoperative as a consequence of the non-linkage of PAN with Aadhar, interest u/s 244A shall not be payable to such person for the period starting from 01.07.2023 till the date on which such PAN becomes operative. This is in addition to the other consequences specified in the said Rule/Circular.

2. For the purpose of calculation of interest u/s 244A allowable in such cases, the Assessing Officers, would be required to provide input (in the “Delay Attributable to Assessee” field given in Tax Computation Screen) regarding the period for which the PAN was inoperative as exclusion period while submitting **Web Service (WS)** orders. The period entered should be in months, which will also include other delays, if any, attributable to the assessee, in addition to the inoperative period of PAN. In case of **Manual Order Upload (MOUs)**, the AO would be required to consider this period by himself while calculating interest u/s 244A, as the amount is calculated by AO himself and same is entered before submitting the same to CPC for accounting.

3. In order to implement the changes flowing from the CBDT Circular No 03/2023 dated 28-03-2023 with regard to the consequences of PAN becoming inoperative, a functionality has been developed in the PAN Module wherein the date when a PAN was marked inoperative (in the lifecycle of the PAN) and the date when it becomes operative again (in cases the PAN becomes operative again) will be displayed to the Assessing Officer (AO) and his/her hierarchy, and also the Faceless Assessing Officer (FAO). **The Navigation Path to view PAN life cycle summary is as follows: ITBA-> PAN Module-> Menu-> Pan details ->Click on the Link ‘PAN Life Cycle’**

4. To ensure that excess or incorrect interest u/s 244A is not calculated by CPC in Web Service (WS) Orders and by the Assessing Officers while passing Manual Orders (MOU), **a Warning message will alert the FAO/JAO so that FAO/AO exercises due care in providing the inoperative period as an input to CPC in WS orders (through the "Delay attributable to assessee for 244A interest" field which is present in ITBA WS screen), Or in the case of MOUs, that AO should consider any such period while calculating 244A interest manually.**

5. Further, the AO will be restricted from passing order in legacy system for Assessment Year less than 2016-17, where the PAN was marked as Inoperative during its life cycle, even if it becomes operative at later date. In such cases, orders for AYs prior to AY 2016-17 have to be passed through ITBA either through WS or MOU

6. In addition, the AO will not be able to issue or unblock or re-issue any refund which is determined but not released to refund banker in legacy ITD system till such time as the PAN becomes operative. Once PAN becomes operative, legacy processed refund orders will be taken up for releasing to taxpayers as per process defined in the Legacy ITD system.

7. For any issues encountered while passing orders in respect of PANs with inoperative period, the users are requested to raise ticket in ITBA Helpdesk and quote ticket number while escalating the issue to the ITBA Team for resolution. The contact details of the ITBA Helpdesk are as under:

- a. URL of helpdesk - <http://itbahelpdesk.incometax.net>
- b. Help desk number – 0120-2811200
- c. Email ID – itba.helpdesk@incometax.gov.in
- d. Help desk Timings – 8.30 A.M. – 7.30 P.M. (Monday to Friday)

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

New Delhi, Dated the 28th 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 28th 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 1st 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 30th March, 2022.
5. Hindi version to follow.

P. Amrutha

P. Amrutha varshini

Under Secretary (TPL-IV), CBDT

Copy to:

1. PS to FM/ OSD to FM/ PS to MoS(F)/ PS to MoS(F)
2. OSD to Secretary (Revenue)
3. Chairman, CBDT & All Members, CBDT
4. All Pr. DGsIT/ Pr. CCsIT
5. All Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries of CBDT
6. The C&AG of India
7. The JS & Legal Adviser, Ministry of Law & Justice, New Delhi
8. PCIT (M&TP), Official Spokesperson of CBDT
9. Web manager, ADG (S)-4, O/o Pr. DGIT (Systems) for uploading on official website.
10. JCIT (Database Cell) for uploading on www.irsofficersonline.gov.in