

I-T department exploring ways to seed PAN with Aadhaar

The move will weed out duplicate PANs and help the government's drive against tax evaders

The income tax department is exploring ways to hasten the pace of seeding permanent account number, or PAN, with the unique identity number Aadhaar, a move that will weed out duplicate PANs and help the government's drive against tax evaders.

To this end, the department is working on setting up an online Aadhaar number authentication facility during the PAN allotment process, two tax department officials familiar with the development said on condition of anonymity.

In addition, the tax department has added an additional column in the PAN application form for taxpayers to give their Aadhaar number. However, this is not mandatory.

The tax department had also sought the Aadhaar number from taxpayers who have the unique identity in the recently released income tax return form. This form, however, is being reworked after some taxpayers complained about stringent provisions in it requiring them to disclose all their bank accounts and foreign trips undertaken in a year.

The requirement to provide the Aadhaar number is, however, likely to be retained, said one of the two tax department officials cited above, who did not wish to be identified.

As of December 2014, the tax department had seeded 4.63 million Aadhaar numbers had been linked to the PAN database, according to finance ministry's annual report for 2014-15.

The income tax department has been using technology to match personal details to ensure that duplicate PANs are not issued. However, some taxpayers managed to get more than one PAN by making some changes in their personal information at the time of submission of the PAN application.

To check this, the tax department had decided to move to a biometric PAN. This was put on hold to avoid duplicating the efforts of the Unique Identification Authority of India or UIDAI, which was capturing biometric information through an iris scan and fingerprint.

With Aadhaar expanding its reach, the government is hopeful that it will successfully cross-tab PAN and Aadhaar.

PAN is a 10-digit alpha-numeric number allotted by the income tax department and is mandatory for conducting tax transactions and high-value financial transactions. It is required for making tax payments, opening bank and demat accounts and even obtaining registration of service tax and excise duty. Almost 220 million PAN numbers had been allotted by the tax department till December end.

“We have successfully undertaken a 360-degree profiling of taxpayers where with the help of a PAN we are monitoring all transactions linked with the PAN. Cross-seeding with Aadhaar will ensure that only genuine PANs remain in the system,” said the second official.

The tax department has been taking a number of steps to leverage PAN and track unaccounted money in the system. This year’s budget made it mandatory for PAN to be quoted for any purchase or sale exceeding the value of Rs.1 lakh. It also sought to ask employees to disclose their PAN number while withdrawing their corpus from the employees provident fund or be subject to be taxed at the highest rate of 30%.

The tax department has been struggling for many years to weed out duplicate PANs, said B.M. Singh, former chairman of the central board of direct taxes.

“Since Aadhaar uses fingerprints and iris scans, its cross-tabbing with PAN should help weed out duplicate PANs and help the tax department in its anti-tax evasion drive,” he said. “At present, identity theft is a real problem in India. There is no effective measure to even monitor PANs of those who have died,” he said.

(Live Mint)