

SIGNIFICANCE OF AADHAR - PAN LINKAGE DURING PURCHASE OF IMMOVABLE PROPERTY



What happens if PAN & Aadhaar card are not linked during the Sale/ Purchase of Immovable Property?



Are you thinking of buying a new house property or land? Here is an important consideration you need to keep in mind before proceeding. The **Permanent Account Number (PAN) card and Aadhaar card** are important identification documents for Indian citizens. The IT department has made it compulsory to link PAN and Aadhaar cards. This linkage has an important implication during sale of immovable property. Let us look deeply into the considerations we have to keep in mind regarding this issue.

What are the consequences of not linking PAN with Aadhaar card during property purchase?

According to income tax rules, the buyer of immovable property is required to deduct 1% TDS if the sale consideration is Rs. 50 lakh or above. The **TDS rate increases to 20% in the absence of a PAN, or if the PAN is deemed inoperative.** This is a serious concern which needs to be diligently addressed by the buyer.

How to check your Aadhaar-PAN Link Status?



Step 1: Visit the Income Tax e-filing portal.

Step 2: Under the 'Quick Links' heading, click on the 'Link Aadhaar Status'.

Step 3: Enter the 'PAN number' and 'Aadhaar Number' and click the 'View Link Aadhaar Status' button.

A message regarding your Link Aadhaar status will be displayed on successful validation. The following message will be displayed when your Aadhaar is linked to your PAN card:

"Your PAN is already linked to given Aadhaar"

When your Aadhaar is not linked with your Pan card, the following message will appear on the screen -

"PAN not linked with Aadhaar. Please click on 'Link Aadhaar' to link your Aadhaar with PAN" (as shown below).

When is the last date for Linking Aadhaar & PAN ?

The IT department issued a circular mandating the linkage of Aadhaar and PAN Card for all PAN-holders (except those who fall under the exempt category) within **30th June 2023**. The PAN card will become inoperative from 1st July 2023 if PAN holders do not link it with their Aadhaar card.



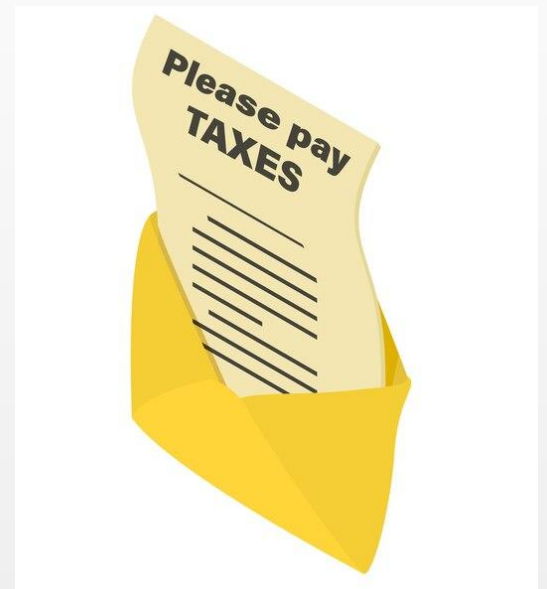
How to activate inoperative PAN card and link it with Aadhaar card?

Are you worried that you missed the due date for linking your PAN card with your Aadhaar? Has your PAN become inoperative as result of non-linkage? Here's a solution for you.!

The taxpayers who have not linked their PAN-Aadhaar within the last date of 30th June 2023, can do so by paying a **late penalty of Rs.1,000**. However, they need to ensure they have a valid PAN number, Aadhaar number and mobile number to pay the penalty. It can take up to **30 days** for your PAN to become operational again once you raise the linking request.

What happens if TDS is deducted when the buyer/seller's PAN is inoperative?

When TDS deducted by the buyer while the PAN of either the buyer or seller is inoperative, the **buyer will be served a notice** and asked to pay the remaining 19% i.e. buyer would have deducted TDS at the rate of 1% but as per IT rules TDS must be deducted at 20% when PAN is inoperative and hence the remaining 19% has to be paid when the notice is served.



What are the next steps when a notice is served to deduct TDS at 20%?

Buyers who fail to deduct tax at the higher rate of 20 percent and receive a notice for short deduction would be required to pay the differential amount and file a correction in the TDS return already filed by them. Additionally, the homebuyer may also be subject to interest at 1% per month on the amount of short deduction from the date on which such tax was deductible, to the date on which it is actually paid.



What shall be done by the buyer to avoid PAN linkage problems related TDS on immovable property?

The principle of caveat emptor is to be exercised when an immovable property is purchased. The buyer needs to exercise extreme caution. Here are some possible solutions for buyers to avoid facing any problem during their purchase:

- Firstly, buyers can **verify the seller's PAN online** using the steps as mentioned before to check PAN-Aadhaar Link Status.
- As it is the buyer's responsibility to confirm the status of seller's PAN and withhold tax accordingly, the interest liability arising on account of the short deduction will need to be borne by him/her. However, the buyer may **collect the additional 19 percent TDS from the deductee (seller)**, wherever possible, based on their agreement and understanding.
- If none of the above options are applicable, and the buyer can prove that they had no way of knowing they were required to deduct TDS at a higher rate, they can **appeal to the income tax tribunal as a last resort**.

