

# Doing business with India: Need to apply for PAN

March 2010

Effective 1 April 2010, payments/remittances received from India would be subject to higher withholding tax if the non resident payee does not provide its Permanent Account Number (PAN) to the payer. Further, no application for tax determination shall be entertained without the PAN of the payee being reported in the application. It is pertinent to note that the PAN is required to be quoted both by the payer and payee in every correspondence, bill, voucher and other documents.

Failure to obtain a valid PAN will result in tax being deducted on all transactions, liable to withholding tax in India, at the prevailing rate under the Income Tax Act, 1961 or 20%, whichever is higher.

All non resident payees, having transactions in India, which are liable to withholding tax, are advised to obtain the PAN by 31 March 2010 and communicate it to their payers before tax is actually deducted on transactions after that date.

An application for the PAN can be filed in Form 49A to National Securities Depository Ltd. (NSDL) or Unit Trust of India Investor Services Ltd. (UTIISL) or their intermediaries.

## For further assistance, please contact PricewaterhouseCoopers' India Desk in Singapore.

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