

Decoding PAN Amendments in the New Income Tax Regime

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Introduction

Financial Year 2025-26 marked a watershed moment in the evolution of Indian tax laws. Alongside the enactment of a new principal legislation—the Income-tax Act, 2025 (the Act, 2025)—and the corresponding Income-tax Rules, 2026 (the Rules, 2026), several consequential amendments were introduced through the Finance Act, 2026. These legislative changes collectively signify a comprehensive transition from the earlier framework under the Income-tax Act, 1961.

This article focuses on the amendments relating to one of the most fundamental elements of the Indian tax system: the Permanent Account Number (PAN). PAN-related changes under the new regime may broadly be categorised into two areas: (i) amendments to the procedural framework governing the application for PAN, including changes in prescribed forms and information requirements; and (ii) modifications to the circumstances in which quoting of PAN has been made mandatory.

Amendments Relating to Application for PAN

Under the erstwhile regime, there were only two prescribed application forms for allotment of a new PAN:

- **Form 49A:** Applicable to Indian citizens, entities incorporated in India, and unincorporated entities formed in India.
- **Form 49AA:** Applicable to individuals who were not citizens of India, as well as entities incorporated or formed outside India.

The Rules, 2026 have now expanded and rationalised the application framework by prescribing four distinct forms, based on the residency and incorporation status of the applicant. The revised structure is summarised in the table below:

Form Number	Category of Applicant
Form No. 93	Individual who is a Citizen of India
Form No. 94	Indian Company / Entity incorporated in India / Unincorporated entity formed in India
Form No. 95	Individual who is not a Citizen of India
Form No. 96	Entity incorporated outside India / Unincorporated entity formed outside India

This bifurcation aims to align information requirements more closely with the nature of applicant taxpayer and their citizenship (not tax residency) status.

In addition to changes in the prescribed forms, the scope of information and supporting documents to be furnished while applying for PAN has also been expanded. Key amendments include the following:

- **Mandatory disclosure of residential status:** Indian citizen applicants are now required to mandatorily specify their residential status—resident, non-resident, or resident but not ordinarily resident.
- **Passport details for certain Indian citizens:** Indian citizens who are non-residents or residents but not ordinarily resident are required to mandatorily furnish their passport number. This requirement does not apply to non-Indian citizens applying under Form No. 95.
- **Limiting the validity of Aadhaar:** Previously, Rule 114(1B) of Income Tax Rules, 1962 allowed any person to apply for allotment of PAN by intimating their Aadhar Number, and they were not required to apply or submit any other document under the said Rule 114. The new Rule 158 of Rules, 2026, also allows any person to apply for allotment of PAN by intimating their Aadhar Number, however, the language to the effect of not requiring such persons to submit any further document, has now been removed. Thus, applying for PAN by intimating Aadhaar may not suffice and may require submission of further documents.

Additionally, Aadhaar Card has been excluded as an acceptable document for proof of date of birth. Consequently, applicants may need to furnish alternative documents such as a Birth Certificate, Drivers' License, Elector's photo id card, Passport, Marriage Certificate, or Matriculation Certificate, etc.

- **Representative assessee/ Authorised Representative documentation:** Previously, where PAN was being applied through a representative assessee, there was no requirement to provide any documents as proof of identity or address of representative assessee. The requirement was limited to just providing details of the representative assessee. However, the newly notified Forms now also require a proof of identity and proof of address to be submitted by the representative assessee.

In cases of application of PAN for non-individual entities, Forms 94 and 96 require details of authorised representatives/ representative assessee to be mandatorily provided along with their proof of identity and proof of address. Further, the PAN application, under Form 96, for non-individual entities incorporated outside India/ unincorporated entities formed outside India, mandatorily require that the authorised representative/ representative assessee, have an Indian address.

- **Mandatory Tax identification number (TIN):** Previously requirement to quote TIN only formed part of KYC details which were to be provided by Foreign Institutional Investors or Qualified Foreign Investors. However, this is now a mandatory requirement for all individual or non-individual tax payers applying for PAN under Forms 95 and 96.

Changes in Mandatory Quoting of PAN

Section 262 of the Act, 2025—akin to section 139A of the earlier Income-tax Act, 1961—mandates the quoting of PAN in respect of specified documents and transactions. The detailed list of such transactions is prescribed under Rule 159 of the Rules, 2026 (corresponding to Rule 114B of the Income-tax Rules, 1962).

With the transition to the new regime, the scope of transactions requiring mandatory quoting of PAN has been both **relaxed in certain cases** and **expanded in others**. The key changes are summarised below:

Category	Relaxation of Scope	Expansion of Scope
Cash Deposit & Withdrawal	<p>Requirement to quote PAN on cash deposits exceeding INR 50,000 in a day, removed;</p> <p>Annual threshold of cash deposit increased from INR 2.5 lakhs to INR 10 lakhs</p> <p>Cash payment exceeding INR 50,000 a day for bank drafts/ pay orders/ banker's cheques, no longer require mandatory quoting of PAN*</p>	<p>Requirement to quote PAN on annual cash withdrawal exceeding INR 10 lakhs has now been introduced.</p>

Category	Relaxation of Scope	Expansion of Scope
Application for issue of credit or debit card	Requirement to quote PAN while making an application for issue of debit card, has been removed.*	
Immovable property	The threshold for requirement to quote PAN increased from INR 10 lakhs to INR 20 lakhs	PAN-holders that are not companies or firms, entering into transactions of sale/ purchase or gift of immovable property or joint development agreements for properties whose stamp duty value exceed INR 45 lakhs, are required to mandatorily apply for PAN (if not already possessed). Scope for quoting PAN has been expanded to specifically include gift deeds and joint development agreements
Hotel/ restaurant cash payments	Threshold for quoting PAN has been increased from INR 50,000 to INR 1 lakh, per transaction	Scope expanded to include payments made to banquet halls, convention centres and event managers
Motor Vehicles	Mandatory only on sale/ purchase of motor vehicles (including 2 wheeler vehicles) exceeding INR 5 lakhs Purchase of 'tractors' excluded	Scope expanded to include two wheeler vehicles also falling within the scope of section 2(28) of Motor Vehicles Act, 1988
Foreign travel/ currency*	Cash payments for foreign travel or foreign currency no longer listed as a separate category for quoting of PAN	
Pre-paid instruments issued by RBI*	Cash payments for pre-paid instruments no longer listed as separate category	

**While these have been removed as specific categories, in case the threshold limit of INR 2 lakhs per transaction is met, they may have to be separately evaluated for being covered under the general line item of 'purchase of goods and services of any nature'*

In addition to the substantive changes discussed above, Rule 159 of the Rules, 2026 introduces **Form No. 97**, which replaces the erstwhile **Form No. 60**, to be furnished in the absence of PAN.

The only major change in Form No. 97 has been with respect to transactions of immovable properties exceeding INR 45 lakhs, where previously these could have been undertaken by filing a declaration under Form 60. However, such transactions now require persons other than a company or a firm to mandatorily apply for a PAN.

The PAN-related amendments under the Act, 2025 and the Rules, 2026 reflect the legislature's intent to balance easing of compliance in lower-risk transactions with enhanced traceability in high-value and sensitive economic activities. Taxpayers, intermediaries, and professionals must carefully review these changes to ensure timely compliance under the new regime and avoid unintended defaults.

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