

CBDT Grants Relief to Deductors/ Collectors in case of Inoperative PAN

The CBDT, earlier through Circular No. 03/2023 dated 28/03/2023 specified the consequences of PAN becoming inoperative as per Rule 114AAA of the Income Tax Rules, 1962. Subsequently, the CBDT, through Circular No. 06/2024 dated 23.04.2024 provided relief to deductors/collectors from applicability of higher TDS/ TCS rates under section 206AA/206CC of the Act for transactions entered into upto 31.03.2024, where PAN becomes operative post linkage of Aadhar on or before 31.05.2024.

Now, in order to resolve the grievance raised by the several deductors/ collectors, against whom demand has been raised due to short deduction/ collection of TDS/TCS while carrying out the transactions, the CBDT through partial modification and in continuation of consequences prescribed through Circular No. 03/2023, through Circular No. 9/2025 dated 21/07/2025, specifies as under:

There shall be no liability on the deductor/collector to deduct/collect the tax under section 206AA/206CC of the Act, in the following cases:

- a. Where the amount is paid or credited from 01.04.2024 to 31.07.2025 and the PAN is made operative post linking with Aadhar on or before 30.09.2025
- b. Where the amount is paid or credited on or after 01.08.2025 and the PAN is made operative post linking with Aadhar within 2 months from the end of the month in which amount is paid or credited.

For detail, please refer:

Circular No. 9/2025 dated 21st July, 2025

<https://incometaxindia.gov.in/communications/circular/circular-9-2025.pdf>

Circular No. 06/2024 dated 23rd April, 2024

<https://incometaxindia.gov.in/communications/circular/circular-6-2024.pdf>

Circular No. 03/2023 dated 28th March, 2023

<https://incometaxindia.gov.in/communications/circular/circular-03-2023.pdf>

DISCLAIMER: - The summary information herein is based on CBDT Circular No. 9/2025 dated 21st July, 2025. While the information is believed to be accurate, we make no representations or warranties, express or implied, as to the accuracy or completeness of it. Readers should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, advice or solicitation. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.