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PROPOSED BY DS GROUP

India – PAN made mandatory for non resident directors

Vide [Notification dated 19 November 2018](#), the Central Board of Direct Taxes has notified the changes in Income Tax Rules, 1962 with effect from 5 December 2018.

Under the new Permanent Account Number (PAN) rules, any managing director, director, partner, trustee, author, founder, chief executive officer, principal officer, any other office bearer or any person competent to act on behalf of an Indian entity entering into a financial transaction of an amount aggregating to Rs. 250,000 (c. Euro 3,080) or more in a financial year, shall apply for allotment of PAN on or **before the 31st May** immediately following the financial year in which the company exceeds the threshold.

As a consequence, any director of entity meeting the above-mentioned threshold, will therefore have to apply for PAN irrespective of (i) his/her residency status in India and (ii) whether he/she has any financial transactions in India or not.

If any person fails to comply with the provisions of obtaining PAN as stated above, the Assessing Officer may, under section 272B of the [Income Tax Act](#), levy penalty of a sum of Rs. 10,000/- for such default

For any additional information, contact [Lisbeth Lanvers-Shah](#) or [Olivier Monange](#).

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