

Applicability of PAN requirement for Foreign Nationals at the time of Company Incorporation

1. Ministry of Corporate Affairs (MCA) has reconciled with the fact that not all Foreign Nationals are required to have PAN. MCA has recently issued a Circular No. 12/2014, dated 22nd May, 2014 stating that Foreign Nationals, who are not required to mandatorily possess PAN, shall not be mandatorily required to furnish PAN details of intending Directors at the time of filing the application for Incorporation (e-form INC-7)

2. Where the intending Director who is a Foreign National is not required to compulsorily possess PAN, it will be sufficient for such a person to furnish his/her passport number, along with undertaking stating that provisions of mandatory applicability of PAN are not applicable to the person concerned.

3. However, PAN details shall be mandatory only for those foreign nationals who are required to possess “PAN” in terms of provisions of the Income Tax Act, 1961 on the date of application for incorporation.

4. **Requirement of PAN as per current Income Tax Rules:** As per the current Income Tax Rules and regulations read with Income Tax Act, it is mandatory to quote one’s PAN in almost all the types of transactions. Take for example Opening a bank account, apply for Credit Card, making an application for installation of a telephone connection including a cellular phone, Demat account opening, getting Loan, any contract for sale or purchase of securities of a value of exceeding Rs.1 lakh, making an application to any mutual fund for purchase of its units for an amount of Rs.50,000 or more, sale or purchase of any immovable property valued at Rs.5 lakhs or more, purchase of motor vehicle, etc