

Circular No.: NSDL/POLICY/2023/0038

March 21, 2023

**Subject: Linking of PAN with Aadhaar**

Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2022/046 dated March 31, 2022 in respect of Central Board of Direct Taxes (CBDT) Circular No. 7 of 2022 dated March 30, 2022 regarding clarification with respect to relaxation of provisions of rule 114AAA of Income-tax Rules, 1962 prescribing the manner of making Permanent Account Number (PAN) inoperative. Further, it was clarified that the PAN allotted to a person shall become inoperative if it is not linked with Aadhaar by **March 31, 2023**.

In this regard, SEBI has issued a Press Release No. 05/2023 dated March 08, 2023 regarding Linking of PAN with Aadhaar to be done by March 31, 2023 (**copy enclosed**). Extract of the press release is as under:

- 1. The provisions of Income-tax Act, 1961, make it mandatory for every person who has been allotted a Permanent Account Number (PAN) to intimate his/her Aadhaar Number to the prescribed authority so that the Aadhaar and PAN can be linked. This is required to be done on or before the notified date, failing which the PAN shall become inoperative.*
- 2. As per Central Board of Direct Taxes (CBDT) circular No. 7 of 2022 dated March 30, 2022, the PAN allotted to a person shall become inoperative if it is not linked with Aadhaar by March 31, 2023 and shall be liable to all the consequences under the Income-tax Act, 1961 for not furnishing, intimating or quoting the PAN.*
- 3. Since PAN is the key identification number and part of KYC requirements for all transactions in the securities market, all SEBI registered entities and Market Infrastructure Institutions (MIs) are required to ensure valid KYC for all participants.*
- 4. All existing investors are required to ensure linking of their PAN with Aadhaar number prior to March 31, 2023, for continual and smooth transactions in securities market and to avoid consequences of non-compliance with the said CBDT circular, as such accounts would be considered non-KYC compliant, and there could be restrictions on securities and other transactions until the PAN and Aadhaar are linked.*

In this regard, Participants are requested to take note of the above and advised as follows:

1. The requirement of PAN-Aadhaar linking should be widely disseminated by Participants for continual and smooth transactions by the investors in the securities market and to avoid any consequences of non-compliance thereof.
2. In order to assist Participants, the list of eligible demat accounts where PAN is not linked with Aadhar is made available to Participants for their reference on NSDL I-assist portal under maker login in folder with file named as '**List of accounts where PAN is not linked with Aadhaar**'. Participants are advised to extract the said list of demat account holders on a regular basis and verify the status of linkage of PAN with Aadhaar of demat account holders with Income Tax Database on link: <https://eportal.incometax.gov.in/iec/foervices/#/pre-login/bl-link-aadhaar> or any other service provider for verifying the status of linkage of PAN with Aadhaar and accordingly update the PAN flag in NSDL system.
3. Further, Participants are advised to inform their clients whose PAN is not linked with Aadhaar by 31<sup>st</sup> March 2023, that such demat accounts will become KYC non-compliant (due to invalid PAN) and such non-compliant demat accounts will be liable to be made inactive.

Participants are hereby advised to take all possible measures so that the eligible demat accounts are compliant before the timeline of March 31, 2023. Further, operational guidelines with respect to suspension of eligible demat accounts in case of non-compliance with PAN Linking with Aadhaar will be notified separately.

Participants are requested to take note of the above and ensure compliance.

**For and on behalf of  
National Securities Depository Limited**

**Arockiaraj  
Manager**

Enclosed: One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015





**PR No.05/2023**

### **Linking of PAN with Aadhaar to be done by March 31, 2023**

The provisions of Income-tax Act, 1961, make it mandatory for every person who has been allotted a Permanent Account Number (PAN) to intimate his/her Aadhaar Number to the prescribed authority so that the Aadhaar and PAN can be linked. This is required to be done on or before the notified date, failing which the PAN shall become inoperative.

As per Central Board of Direct Taxes (CBDT) circular No. 7 of 2022 dated March 30, 2022, the PAN allotted to a person shall become inoperative if it is not linked with Aadhaar by March 31, 2023 and shall be liable to all the consequences under the Income-tax Act, 1961 for not furnishing, intimating or quoting the PAN.

Since PAN is the key identification number and part of KYC requirements for all transactions in the securities market, all SEBI registered entities and Market Infrastructure Institutions (MIIs) are required to ensure valid KYC for all participants.

All existing investors are required to ensure linking of their PAN with Aadhaar number prior to March 31, 2023, for continual and smooth transactions in securities market and to avoid consequences of non-compliance with the said CBDT circular, as such accounts would be considered non-KYC compliant, and there could be restrictions on securities and other transactions until the PAN and Aadhaar are linked.

**Mumbai  
March 08, 2023**