

Non-resident investor having income only from transfer of specified capital asset exempted from obtaining PAN

The CBDT vide Notification No. 42/2021-Income-Tax dated May 4, 2021, issued the 'Income-tax (14th Amendment) Rules, 2021' to further amend Rule 114AAB of the Income-tax Rules, 1962 ("Income-tax Rules"), that deals with class or classes of person to whom provisions of Section 139A of the Income tax Act, 1961 ("Income-tax Act") i.e., Permanent Account Number("PAN") shall not apply, in a following manner:

Non-resident investor (being eligible foreign investor), who has made transaction only in a capital asset referred to in clause (viiab) of Section 47 of the Income-tax Act which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency, shall be exempted from obtaining PAN if-

The investor does not earn any income in India, other than the income from transfer of a capital asset referred in clause (viiab) of Section 47 of the Income-tax Act.

The investor furnishes the required details and documents specified therein, to the stock broker through which the transaction is made.

The stock broker shall furnish a quarterly statement electronically, for the quarter of the financial year in Form No. 49BA to the concerned Authority and upload the declaration stating that he is a resident of a country or specified territory outside India, within fifteen days from the end of the quarter of the relevant financial year in accordance with the procedures, formats and standards specified.

Explanation has been introduced explain the meaning of terms 'specified fund', 'eligible foreign investor' and 'stock broker'.

Substituted Form No. 49BA i.e., Quarterly statement to be furnished by specified fund or stock broker in respect of a non-resident referred to in Rule 114AAB of the Income-tax Rules for the quarter of of (Financial Year)

The Notification can be accessed at: <https://egazette.nic.in/WriteReadData/2021/226833.pdf>