



**Subject: Finance Act, 2021 – Permanent Account Number (PAN) – AADHAR Linking - Changes in Rates of Tax Deducted at Source (TDS)**

Dear Customer,

This is with reference to the Finance Act, 2021 that has introduced the following requirements with effect from July 01<sup>st</sup> 2021:

1. As per Section 206 AB of the Income Tax Act 1961, with effect from 1st July 2021, a person shall be subject to a higher TDS rate, if they have:
  - Not filed Income Tax returns for the last two years; and
  - received an aggregate TDS/TCS credit of Rs. 50,000 or more in each of the two years.

The TDS rate levied would be the highest of:

- a. Twice the rate specified in the relevant provision of the Income Tax Act, 1961; or
  - b. Twice the rate of the rates in force per the tax treaty; or
  - c. The rate of five per cent.
2. Mandatory PAN and AADHAAR linking - last day 31st March 2022:

As per Section 139AA of the Income Tax Act 1961, it is mandatory to link your Permanent Account Number (PAN) with your Aadhaar by 31st March 2022, failing which the PAN provided by you will become inoperative. Further, a higher TDS on interest earned will apply.

**ACTION REQUIRED:**

- If you are an individual, kindly link your PAN with Aadhaar by 31st March 2022, failing which the PAN provided by you will become inoperative.

Should you have any queries or need clarification, please do not hesitate to contact your relationship manager or write to us at: [customerservices@barclays.com](mailto:customerservices@barclays.com)