

Quote by Shравan Shetty- Managing Director, Primus Partners

Published in ET Edge Insights

Nov 27, 2024

PAN 2.0 launched: Everything you need to know about upgrading your PAN card

Authored by Ritika Singh



Read on: <https://etedge-insights.com/featured-insights/government-and-policies/pan-2-0-launched-everything-you-need-to-know-about-upgrading-your-pan-card/>

Article Content:

In a bold move towards digital transformation, the Indian government has unveiled the PAN 2.0 project. This initiative, approved by the Cabinet Committee on Economic Affairs (CCEA) on November 25, 2024, aims to revolutionize the nation's tax administration system. With a projected investment of Rs 1,435 crore, PAN 2.0 will introduce a new era of digital PAN/TAN services, streamlining tax processes and enhancing taxpayer experience.

Users will receive an electronic version of their PAN card directly to their registered email ID without the need for any additional applications. The government's decision to make PAN the "common business identifier" for all digital systems of specified government agencies was unveiled in the Union Budget 2023. This initiative aims to streamline various government services and improve efficiency.

While the electronic PAN card will be sufficient for most digital transactions, individuals who prefer a physical copy can apply for it by paying a fee of ₹50

What is PAN 2.0?

PAN 2.0 is an advanced version of the existing Permanent Account Number (PAN) system. The key feature of this upgraded system is the integration of a QR code on PAN cards. This QR code will enable swift and secure digital verification, making it easier for individuals and businesses to authenticate their identity during various transactions.

Key benefits of PAN 2.0:

Enhanced security: The QR code on PAN cards will significantly bolster security measures, reducing the risk of fraud and identity theft.

Streamlined KYC processes: The digital verification process facilitated by QR codes will simplify Know Your Customer (KYC) procedures, making it more convenient for both taxpayers and service providers.

Improved data accuracy: The integration of advanced technology will enhance data accuracy and consistency, leading to more efficient tax administration.

Seamless taxpayer experience: PAN 2.0 will create a more user-friendly and efficient tax ecosystem, reducing the time and effort required to comply with tax regulations.

Shravan Shetty, Managing Director, Primus Partners explained 2.0 benefits, " 2.0 will help create a single platform for tax-related needs. This would be beneficial for citizens with all services under one platform and it will also provide the tax authorities with all data on a single platform. There is scope to use this data set to provide value-added services on top of this base system. Expect fintechs to play a critical role in developing additional use cases, especially for businesses on the system once it is operational."

PAN 2.0 is poised to significantly impact businesses in India. By serving as a universal identifier, the PAN card can streamline various compliance processes, including GST, income tax, and corporate filings. This will reduce administrative burdens and help businesses focus on core operations.

The Central Board of Direct Taxes (CBDT) has clarified that existing PAN holders can make corrections or updates to their PAN details, such as email, mobile number, address, or demographic information, free of cost after the PAN 2.0 project is launched. Until then, they can utilize the Aadhaar-based online facility to update their email, mobile number, and address at no cost.

The launch of PAN 2.0 aligns with the government's vision of a Digital India. By embracing technology and innovation, the government aims to create a more efficient, transparent, and taxpayer-friendly tax administration system. This initiative is expected to foster economic growth and contribute to India's digital transformation journey. It's important to note that existing PAN cards will remain valid. There is no immediate need for taxpayers to upgrade their cards. However, those who wish to avail the benefits of the new features, such as the QR code, can opt for a free upgrade.