

**GENERAL MANAGER
MARKET REGULATION DEPARTMENT**

MRD/DoP/Dep/SE/Cir -17/06
October 27, 2006

1. All Stock Exchanges
2. NSDL
3. CDSL

Dear Sir/s,

Sub: Mandatory requirement of Permanent Account Number (PAN) – Issues and clarifications (III)

1. This has reference to SEBI Circulars No. MRD/DoP/Dep/Cir-09/06 dated July 20, 2006 and MRD/DoP/Dep/SE/Cir-13/06 dated September 26, 2006 offering clarifications pertaining to complying with the mandatory requirement of PAN for operating Beneficiary Owner (BO) Account as well as trading in the cash market.
2. Pursuant to the representations received from Non-Resident Indians (NRIs)/Persons of Indian Origin (PIOs), SEBI vide para No.4.3 of the circular dated July 20, 2006 enabled such NRIs/PIOs who are not able to obtain PAN for one reason or the other but are holding securities in physical form and desire to sell the same, to open a “limited purpose BO account” without PAN, subject to certain conditions specified therein. The same was also extended for trading in cash market for such NRIs/PIOs vide circular dated September 26, 2006. Further, SEBI had also taken up the matter with CBDT vide letter dated July 31, 2006 requesting CBDT to address the concerns of NRIs in this regard.
3. The Directorate of Income Tax (Systems) vide PAN Circular No. 4 dated October 11, 2006 has now issued guidelines to its service providers (M/s UTITSL & NSDL) facilitating the citizens of India residing outside India, foreign citizens and other persons (like companies,/trusts/firms) having no office of their own in India to obtain PAN based on the copy of their passport as ID proof and copy of passport/copy of bank account in the country of residence as address proof. A copy of the said circular is enclosed as Annexure-I for ready reference.
4. In the light of the above and since NRIs/PIOs/foreign nationals have now been enabled by the Income Tax Department to obtain PAN as stated above, it has been decided to withdraw the facility of opening a “limited purpose BO account”/trading account by them without PAN. However, the NRIs/PIOs who have already opened such BO accounts/trading accounts without PAN shall be required to comply with the mandatory requirement of PAN on or before

December 31, 2006, failing which such accounts shall be made inoperable by the Depository/Depository Participant/Broker.

5. The depositories are advised to:-
 - 5.1 Bring the provisions of this circular to the notice of the DPs of the Depositories and also to disseminate the same on the website;
 - 5.2 Include the aforesaid clarifications, as applicable, in the advertisement campaigns released by them from time to time for better understanding of the investors;
 - 5.3 Make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary; and
 - 5.4 Communicate to SEBI the status of the implementation of the provisions of this circular in the Monthly Development Report.

6. The Stock Exchanges are advised to :
 - 6.1 Make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately;
 - 6.2 Bring the provisions of this circular to the notice of the member brokers/clearing members of the Exchange and also to disseminate the same on the website; and
 - 6.3 Communicate to SEBI, the status of the implementation of the provisions of this circular in Section II, item no. 13 of the Monthly Development Report.

7. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

Sd/-

V S SUNDARESAN

Encl: As above

Issue of PAN to persons outside India and foreign citizens -reg.

PAN Circular No. 4 Dated: 11.10.2006

Following guidelines are issued to facilitate the allotment of PAN to citizens of India residing outside India, foreign citizens and other persons (like companies/trusts/firms) having no office of their own in India:

I. Citizens of India residing outside India and foreign citizens Service providers shall accept applications from these categories of natural persons (individuals), without insisting on details of a representative assessee. Details of addresses and proofs required for identity and address in such cases will be as per Annexure "A " enclosed

II. Other persons (like companies/trusts/firms) having no office of their own in India: Service providers shall accept applications from these categories of applicants, without insisting on details of a representative assessee. Details of addresses and proofs required for identity and address in such cases will be as per Annexure A enclosed

2. Service providers should advise applicants in the above mentioned categories to clearly indicate the address at which the PAN card and other communication should be sent in column 6 of Form No.49A, and also to invariably mention their email id in column 7 of Form No.49A. Service providers are permitted to charge applicants courier charges for PAN cards required to be delivered abroad, in addition to the application fee of Rs.60 plus applicable service tax. Details of service charges and delivery time shall be put up on the web-sites of the respective service providers

3. Codes 99 and 999999 should be entered for State and PIN fields respectively for the class of PAN applicants not having Indian address. However, actual foreign ZIP / PIN code should be populated in any of the 5 address fields (preferably last) along with the name of the country.

4. Service providers should also place on their respective web-sites the available Assessing Officer (AO) codes of International Taxation Directorate and advise the applicants to mention AO code out of these codes. However, if no AO code is mentioned in the application or the AO code mentioned is other than of International Taxation Directorate, then the first international taxation Assessing Officer of Delhi may be used as default AO code.

5. These guidelines are applicable only for the purpose of allotment of PAN to the categories of persons specified above.

Annexure "A"

	PAN Circular No. 4	Dated: 11.10.2006		
	Subject: Issue of PAN to persons outside India and foreign citizens -reg.			
	INDIVIDUAL			Other persons having no office in India
PARTICULARS	Indian Citizen - At the time of application for PAN located:	Foreign Citizen - At the time of application for PAN located:		
Outside India	In India	Outside India		
ID Proof	Copy of passport	Copy of passport	Copy of passport, duly attested by Indian Embassy in the country where applicant is located.	Copy of registration certificate of their country duly attested by Indian Embassy in the country where applicant is located.
Address Proof	Copy of passport; copy of bank account in country of residence	Copy of passport; copy of bank account in India	Copy of passport, duly attested by Indian Embassy in the country where applicant is located; copy of bank account in country of residence	NA
Photo	Applicant	Applicant	Applicant	NA
Signature	Applicant	Applicant	Applicant	Authorised Signatory
Representative Assessee	Not required	Not required	Not required	Not Required