



GRC BULLETIN

AUGUST - 2025, VOLUME: I

CBDT

Partial Modification of PAN Inoperative
Consequences – Relief for TDS/TCS Defaults

[Click Here to Read Full Bulletin](#)

#Trusted Compliance Partner

Authority

CBDT (Central Board
of Direct Taxes)

Circular Date

Jul 21, 2025

Circular Number

9 / 2025

Effective Date

Jul 21, 2025

CBDT NOTIFIES PARTIAL MODIFICATION OF PAN INOPERATIVE CONSEQUENCES – RELIEF FOR TDS/TCS DEFAULTS

Applicability:

- *Relief from higher TDS/TCS liability under Sections 206AA / 206CC of the Income-tax Act, 1961*
- *Provided certain conditions for Aadhaar-PAN linking are met*

The Central Board of Direct Taxes (CBDT) issued Circular No. 9/2025, which modifies Circular No. 3/2023 regarding the impact of PAN becoming inoperative under Rule 114AAA of the Income-tax Rules, 1962. The earlier circular stated that PANs would become inoperative if not linked with Aadhaar as of 1st July 2023, incurring higher TDS/TCS rates under sections 206AA and 206CC of the Income-tax Act, 1961.

The circular addresses grievances related to PAN-Aadhaar linkage issues by deductors and collectors who had to face defaults and demand for TDS/TCS deduction at higher rates owing to PANs becoming inoperative due to changed Aadhaar-PAN links.

To address these concerns, the CBDT has now granted retrospective relief in two specific scenarios:

For the period of 01.04.2024 to 31.07.2025, no higher TDS/TCS will be applicable if the PAN is deemed to be operative by 30.09.2025.

For transactions occurring on or after 01.08.2025, the condition for relief is if PAN is operative two months after the end of the month in which the transaction took place.

In either scenario, the basic TDS/TCS rules as stated in Chapter XVII-B and XVII-BB will be applicable with the condition that operative TDS/TCS rates will not be applicable if linkage is completed within the stated timeframes.

This explanation will aid deductors as well as collectors by automating the cancellation of unwarranted demand notices and making compliance easier. This relief is in continuation of earlier Circular No. 6/2024, which provided relief of compliance for similar issues for FY 2023-24.

As mentioned earlier, the circular is effective immediately, which is aimed at assisting those taxpayers who have undertaken steps to rectify the linking of PAN to Aadhaar within the allotted time.

SOURCE: [Click here for more details](#)



Head Quarters:

Vasudha, 2nd Floor, No. 2, 38th Main Rd,
Rose Garden, JP Nagar Phase 6, J. P. Nagar,
Bengaluru, Karnataka 560078

Ph: 080 41673023

Email: info@ricago.com

Website: www.ricago.com

Subscribe to the Newsletter:

Subscribe

Disclaimer: This newsletter is prepared by Clonect Solutions Pvt. Ltd. and contains information about the statutory compliance updates for general information only. No claim is made as to warrant or represent that the information contained in this document is correct. Also, it should not be considered as legal or financial advice and under no circumstances Clonect Solutions Pvt. Ltd. shall be held responsible for any kind of damages arising there to.

#Trusted Compliance Partner