

No Bank A/Cs, Dealings Over ₹50,000 Without Aadhaar

Unique ID and PAN must from June 1 to open a bank a/c and for financial transactions over ₹50k

Our Bureau

New Delhi: Anyone looking to open a bank account will have to furnish his Aadhaar number along with the income tax permanent account number (PAN). The Aadhaar will also be needed for any financial transaction above ₹50,000, underscoring the increasing degree to which the biometric identity is becoming the cornerstone of government measures to curb unaccounted income along with PAN.

Existing bank account holders will need to provide their Aadhaar number by December 31 or they will become inoperable.

The ₹50,000-threshold for transactions includes investments in

mutual funds, fixed deposits and insurance and will require Aadhaar and PAN (or Form 60 in lieu of the latter), ensuring that these can be tracked through the biometric identity. This will also apply if several transactions that appear to be connected cross the ₹50,000 limit, preventing abuse through splitting.

The government has notified amendments to the Prevention of Money Laundering Rules making both Aadhaar and PAN mandatory starting June 1. The rules also tighten provisions for small accounts such as those opened under the Pradhan Mantri Jan Dhan Yojana that have less stringent know your customer (KYC) rules.

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Keeping A Watch

The ₹50,000-threshold for transactions includes investments in mutual funds, FDs and insurance

Existing bank a/c holders will have to provide Aadhaar and PAN by December 31 or else lose access

If no Aadhaar, then one will have to provide proof of having applied for it

Unique ID no has to be submitted to the bank within six months of opening the account

Some curbs on small a/cs as well to check laundering



Swiss Info Exchange on Auto Mode



India's fight against black money got a boost with Switzerland ratifying global convention on automatic exchange of information on financial transactions by country's residents. ▶▶ 11

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The decision is in continuation of a series of measures by the government such as demonetisation and the Benami law aimed at unearthing black money. The government had, in this year's budget, already mandated seeding PAN with Aadhaar to avoid individuals using multiple income tax IDs to evade taxes.

The Supreme Court has upheld this decision even as it considers an earlier petition on the use of Aadhaar for welfare schemes. The rules will apply to corporate entities as well.

"Even for corporate clients, the banks shall be required to obtain Aadhaar and PAN of the authorised signatory or the corporate," said Rakesh Nangia, managing partner, Nangia & Co LLP. Those who do not have Aadhaar can still transact or open bank accounts if they provide proof of having applied for enrolment. They will need to submit the Aadhaar number to the bank within six months of opening the bank account.

The latest amendment also mandates that small accounts such as Jan Dhan accounts can now be opened only at branches that have core banking solution or at a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to such accounts and stipulated limits on monthly and annual aggregate of transactions and balance are not breached, the amended PMLR said.

Such small accounts shall remain operational for 12 months and thereafter for a similar period if the account holder provides evidence that he or she has applied for valid ID documents.