

21.01.19

1135
16/01/2019

DIRECTORATE GENERAL OF INCOME TAX (SYSTEMS)

ARA Centre, Ground Floor, E-2, Jhandewalan Extension, New Delhi-110055.

At Room No. 8001, Aayakar Bhawan, Sector-3, Vaishali, Gaziabad- 201010

Phone : 0120-2770037, Email id : adldit.systems1.1@incomnetax.gov.in

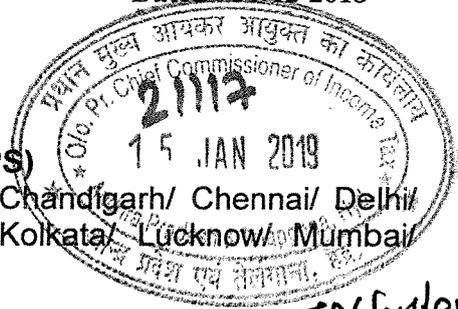
F.No. oPAN/1/22/2006/2018/981 16023

Dated : 31-12-2018

To

The Commissioner of Income-tax (Admin. & TPS)

Ahmedabad/ Bangaluru/ Bhopal/ Bhubaneswar/ Chandigarh/ Chennai/ Delhi/ Guwahati/ Hyderabad/ Jaipur/ Kanpur/ Kochi/ Kolkata/ Lucknow/ Mumbai/ Nagpur/ Patna/ Pune



JOC Systems

Sub: Third Party Verification (TPV) of Proof of Identity (POI) & Proof of Address (POA) of PAN applicants and Inspection of PAN/TIN-FC by RCCs -reg

*put up on file @
discuss -
Op*

Sir/Madam,

Kindly refer to the above mentioned subject.

A. Third Party Verification(TPV) of Proof of Identity (POI) & Proof of Address (POA) of PAN applicants -

Ref: Letter F. No. oPAN/1/22/2006-16402-16441 dated 12.01.2010 issued by the O/o DIT(S)-1(Annexue 'I' enclosed).

Background: As per terms of the contract signed by the Income Tax Department for issuance of PAN with both PAN Service Providers (SPs) – M/s NSDL and M/s UTIITSL, the SPs are required to verify the identity and address of randomly selected PAN applicants out of new PAN applications processed and PAN correction requests.

The process of TPV is briefed as under:

- i. The verification of credentials of documents attached with PAN applications (Form 49A or correction form) is conducted through "Third Party Verification" (TPV) after the processing of PAN application. The authenticity of documents enclosed/provided with PAN application, of Proof of Identity (POI)/Proof of Address (POA)/ is verified by the TPV verifier . A certain fraction of applications are selected at random by the Service Providers for Third Party Verification (TPV).
- ii. Information of those PANs, where "Third Party Verification" fails, is provided to respective Assessing Officer through RCC concerned for further investigation under

DD (SYS)/AD(SYS)/ITO(HQRS)
DPA GR 'B' MODH. GHOUSE
DPA GR 'B' SAI BABA /ESST
AO&DDO/CASHIER/

16/1

whose jurisdiction PAN has been allotted. The data is shared through CDs. A system functionality has been provided to Assessing Officer on system software for marking a PAN as "FAKE" where Assessing Officer, based on facts in his possession, reaches to a logical conclusion that PAN has been obtained by furnishing wrong documents by which proper identity or proper address of PAN applicant is not getting established, authenticated and verified.

CDs are regularly being sent to RCCs of the cases where verification of TPV is being done by SPs. It has been noted that high number of cases of TPV failures is being shown by PAN Service Providers (SPs). These need to be acted upon quickly and appropriately by the Assessing Officers and the officials of RCCs.

In this regard a **guidance note** highlighting the procedure to be adapted by various parties is specified below.

1. **The modified Standard Operating Procedure (SOP) of TPV (Annexure 'II' enclosed)** - For '**Failed**' cases: An intimation letter will be sent to the PAN applicant by the PAN SPs as a **principle of natural justice** at the communication address given in the PAN application through Speed Post/Registered Post. On the basis of reply received from PAN applicants, the case will be re-categorised as 'Genuine on re-verification' or as 'failed' depending upon the reply of PAN applicant. If the letter is received back un-served or no reply is received from the PAN applicant on receipt of letter, then the matter would be referred to jurisdictional A.O for further verification either through enquiry or through other modes available with him to reach to conclusion that the PAN is 'Genuine' or is to be marked 'Fake'.
2. **The modified format of report of TPV, which would be submitted by the PAN SPs to RCC** - A standard format for submitting the report to be maintained by NSDL/UTIITSL along with A.O Code. (Annexure 'III' enclosed)
3. **Action to be taken by jurisdictional Assessing Officer in case TPV fails:**
 - The jurisdictional Assessing Officer is to give opportunity to the PAN holders in whose case verification failed, to furnish the relevant documents so as to prove genuineness of their identity and/or address as the case may be. These may be done by production of relevant documents before the Assessing Officer in person or through authorized representative or duly verified documents through mail/post etc. as deemed fit.
 - If the PAN holder does not comply with the opportunity given by the Service Providers and the jurisdictional Assessing Officer, then the Assessing Officer

may issue show cause to the PAN holder asking him/her to explain that why his/her PAN not be deactivated/marked fake.

- In case of failure of verification in above steps, the jurisdictional Assessing Officer may consider the failed cases of PANs reported in TPV verification for marking as 'Fake' as directed by letter F. No. oPAN/1/22/2006/16402-16441 dated 12.01.2010. The above measures may be taken expeditiously by the Assessing Officers and monitored by the supervisory authorities.
- Third party verification agency(ies) and SPs to have regular meetings with the RCC officers for updates on various issues, if required.

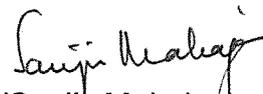
B. Inspection of PAN Centres/TIN-FCs by RCCs To facilitate the Inspection process - SPs should inform the respective RCCs and Directorate of Income Tax (Systems) regarding the corrective measures taken by them in respect of irregularities mentioned by the RCCs in their inspection reports. Thereafter, RCCs again inspect those centres and send an inspection report to the SPs.

In view of above, I am directed to request you to kindly instruct and guide the Assessing Officers regarding marking of 'fake' event on PAN where third party verification (TPV) of PAN applicants is found failed and to kindly provide support to PAN SPs and their agencies regarding third party verification of PAN applicants.

It is also requested to circulate among all RCCs under respective Pr. CCIT (CCA) region.

Encl: As above.

Yours faithfully,


(Sanjiv Mahajan)

Joint Director of Income Tax (S)-1(1)

ANNEXURE - I

Telefax No. : 011-23614881
Email : neerajkumar@incometaxindia.gov.in

120-270
032

आयकर निदेशालय (पद्धति)
DIRECTORATE OF INCOME TAX (SYSTEMS)
ए आर ए सेंटर, भूमि तल, ई-२, जहंदवालन एक्सटेंशन,
ARA Centre, Ground Floor, E-2, Jhandewalan Extension,
नई दिल्ली / New Delhi-110055

F. No. oPAN/1/22/2006 - 16402 - 16441

Dated: 12.01.2010

To

The Commissioner of Income-tax
Agra/ Jabalpur/ Jalandhar/ Kolhapur/ Patiala/ Rohtak
And

The Commissioner of Income-tax (Computer Operations)
Delhi / Mumbai / Chennai / Ahmedabad / Bhubaneshwar / Pune / Kochi / Jaipur /
Kanpur / Bangalore / Hyderabad / Bhopal / Chandigarh / Patna / Guwahati / Kolkata

Sub: Report on Third party Verification of PAN applicants -reg.

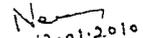
Sir,

Kindly refer to the above mentioned subject.

2. As per the terms of the contract signed by the Income-tax Department for issuance of PAN with both of the PAN service providers - M/s NSDL and M/s UTITSL, the service providers are required to verify the identity and address of randomly selected 200 PAN applicants for every one lakh applications. The Service Providers would soon be submitting their Third party Verification reports to the respective CsIT(CO) directly giving complete details regarding the number of verification completed, number of PAN holders/applicants verified as genuine and number of PAN holders/applicants where verification failed.

3. I am directed to request you to kindly get the credentials of all such 'verification failed' PAN holders/applicants verified independently by the AO. I am further directed to request you to instruct the concerned Assessing Officers to mark the PANs 'fake', where the PAN applicant/holder details are found to be fake on A.O.'s verification, and to further initiate prosecution proceedings in such cases as provided under the Income Tax Act 1961.

Yours faithfully,


12.01.2010
(NEERAJ KUMAR)

Joint Director of Income-tax(Systems)-I(1)

Copy for information to the CCIT(CCA)
Delhi / Mumbai / Chennai / Ahmedabad / Bangalore / Bhopal / Bhubneshwar/
Chandigarh/ Cochin / Guwahati / Hyderabad / Jaipur / Kanpur / Kolkata /
Lucknow / Patna / Pune / Nagpur.

ANNEXURE - II

Standard Operating Procedure of Third Party Verification of Proof of Identity (POI) and Proof of Address (POA) of PAN applicants.

The following verification procedure that may be followed by PAN Service Providers (SPs) after receipt of verification reports from Third Party Verification (TPV) agencies is as under:

1. **Existing verification procedure:** After receipt of verification reports from TPV agencies, same is verified, compiled in the format specified by ITD and reported to the office of ADG (S)-I and CIT(COs) of respective Regional Computer Centres (RCCs) by providing the data and scanned copies of documents in the CD.
2. **Proposed additional verification procedure:** Now the proposed procedure will be followed along with the above existing verification procedure.
 - a. For '**Genuine**' cases: The cases where the verification report is submitted as 'Genuine' by the TPV agency, no further verification will be required at the PAN SPs. For such cases, report may be sent to the Office of ADG (S)-1 and CIT (COs) of RCCs by providing the data.
 - b. For '**Failed**' cases: For such cases, report may be sent to the Office of ADG (S)-1 and CIT (COs) of RCCs by providing the data and scanned copies of documents in the CD. **The digitization of data should mandatorily be verified by the SPs in such cases** and there after an intimation letter will be sent to the PAN applicant as a **principle of natural justice**, at the communication address given in the PAN application through speed post/ registered post (format of letter is enclosed as Annexure A).
 - c. A period of 30 days from the date of issue of letter may be given to the PAN applicants to revert with necessary clarification. The applicant may be given a choice to furnish the details through an electronic media also. The email id of the SPs should be mentioned in their letter for future correspondence.

- d. **If no response is received within 30 days** from the applicants, identity & address verification reports as submitted by TPV agencies may be reported to respective RCCs with details of additional verification by PAN SPs as 'could not be verified' with copy to office of ADG(S)-I for appropriate action as per point no. 3 below. SPs will furnish the copies of relevant reports viz. report of TPV, copy of letter sent by speed post/ registered post in CDs to RCCs concerned for necessary action by jurisdictional Assessing Officer (AO).
- e. **If Applicant confirms his existence at given address:** If the PAN applicant provides confirmation of his/her existence at given address and provides valid supporting documents prescribed under Rule 114 (4) of Income Tax Rules, 1962, in such cases identity & address verification reports may be reported as '**Genuine on re-verification**' to the Office of CIT (COs) of RCCs and ADG (S)-1 and also refer the details of previous letter of SP where the same case has been marked as failed. A new column as '**Genuine on re-verification**' may also be introduced in the format of report.
- f. If the supporting documents received from the PAN applicant bears **address different from the communication address** given in PAN application or **no supporting documents are received** or **invalid supporting documents** (i.e. not prescribed under Rule 114) are received from the PAN applicants,, verification report received from the TPV agency alongwith details of subsequent verification will be sent to respective RCCs with copy to the Office of ADG(S)-1 for **appropriate action** as per point no. 3 below.
- g. **If Applicant informs about change of address:** If the PAN applicant informs about his/her existence at a different address and provides confirmation for submission of change request application alongwith acknowledgement number, in such cases verification reports submitted by TPV agencies may be reported as '**Genuine on re-verification**' to respective RCCs with details of clarifications received from the PAN

applicants with copy to office of ADG(S)-I. The RCCs will take necessary action and to report to jurisdictional AO of outcome.

Action for failed cases: ITD will take following appropriate action in verification led cases based on the verification reports provided by PAN SPs with details of additional verification – Credentials of all such '**verification failed**' PAN holder/applicant will be verified independently by the jurisdictional Assessing Officer. Where the PAN holder/applicant details are found to be 'fake', the concerned Assessing Officer may mark the PAN as '**FAKE**' and may further initiate prosecution proceedings in such cases as provided under the Income Tax Act, 1961. The SPs will furnish the copies of relevant reports viz. report of TPV, Copy of letter sent by Speed post / Registered Post to the PAN applicant in CDs, for Verification failed cases to RCCs for further communication to jurisdictional AOs.

Verification Reports to ITD (Monthwise):

Follow the **existing procedure** : Verification reports in respect of PAN applications verified as '**Genuine**' and '**Failed**' by TPV agencies may be submitted to CIT (COs) of respective RCCs with copy to the Office of ADG (S)-1 by providing the data (for both cases) and scanned copies of documents in the CDs (Only for 'Failed cases').

Additional procedure: For 'failed verification cases' where satisfactory clarification is received from the applicant for existence at given address as '**Genuine on re-verification**', be submitted to CIT (COs) of respective RCCs with copy to the Office of ADG (S)-1 mentioning the previous reference where that case has been marked as 'Fake' by providing the data and scanned copies of documents in the CDs.

IL Common Third Party Verification Report

Title	Applicant Name		Address		District	State	PIN	Applicant Status	Identity verification			Reasons of Failure
	Residential Address	Office Name	Office Address	Verification Method					Name of TPV agency	Verification Date		
												101 Identity could not be verified
												999 Misc. Reasons

Details of failure	Address Verification		Reasons of Failure	Details of failure
	Verification Method	Name of TPV agency	201 Could not reach upto that location/ Address not found	201.1 No public means of transport available to reach that location.
	Verification Date			
				201.2 Locality does not exist.
				201.3 Street does not exist.
				201.4 House no. does not exist.
				201.5 Applicant does not exist/ reside at that address.
				201.6 Applicant shifted before PAN application.
				201.7 Short and incomplete address.
			202. Address of PAN agent.	202. Address of PAN agent.
			999 Misc. Reasons	999 Misc. Reasons

Additional Remarks in details	Final Status - G=Genuine/ F=Failed / R=Genuine on reverification	Details where TPV found Genuine on reverification
-------------------------------	---	---