

COMPARATIVE ANALYSIS REPORT

Rule 114B (Old Income-tax Rules, 1962) vs Rule 159 (Income-tax Rules, 2026)

1. Background

Rule 114B of the Income-tax Rules, 1962 prescribed transactions in which quoting of Permanent Account Number (PAN) was mandatory. Under the newly notified Income-tax Rules, 2026, Rule 114B has been renumbered and substituted as Rule 159.

This report highlights key differences, changes, additions, and compliance implications between the two provisions.

2. Structural Comparison

Particulars	Rule 114B (Old)	Rule 159 (New)	Remarks
Rule Number	114B	159	Renumbered
Governing Section	Section 139A(5)(c)	Section 262(1)(f), 262(10)(c)/(e)	Updated legal reference
Structure	Basic table with provisos	Detailed table + sub-rules (1) to (8)	Expanded framework
Compliance Approach	Transaction-based	Transaction + system-based	Enhanced compliance

3. Transaction-wise Comparison

3.1 Transactions – No Material Change

The following transactions remain largely unchanged in nature and thresholds:

- Application for credit card
- Opening of demat account
- Payment to mutual funds (> ₹50,000)
- Payment for bonds/debentures (> ₹50,000)
- RBI bond investments (> ₹50,000)
- Securities transactions (> ₹1,00,000)
- Unlisted share transactions (> ₹1,00,000)
- Time deposits (> ₹50,000 / ₹5,00,000 aggregate)
- Insurance premium payments (> ₹50,000)
- Sale/purchase of goods/services (> ₹2,00,000)

3.2 Key Modifications

Particulars	Old Rule 114B	New Rule 159	Impact
Motor Vehicle	Excludes two-wheelers	Includes motor cycles	Scope expanded
Immovable Property	₹10 lakh	₹20 lakh	Threshold increased
Cash Deposits	₹50,000/day or specific limits	₹10 lakh aggregate annually	Simplified, higher threshold
Cash Withdrawals	Not covered	₹10 lakh aggregate annually	New reporting requirement
Hotel/Event Payments	₹50,000	₹1,00,000	Threshold increased

3.3 Transactions Removed in New Rule

The following transactions covered under Rule 114B have been removed in Rule 159:

- Foreign travel and foreign currency payments
- Purchase of bank drafts/pay orders/banker's cheques
- Prepaid payment instruments
- Demonetisation-specific provisions

4. New Additions in Rule 159

4.1 Reporting Responsibility

Rule 159 introduces a specific column identifying the person responsible for ensuring PAN compliance (e.g., bank manager, principal officer, registrar, etc.).

4.2 Introduction of Form 97

Form 60 has been replaced with Form 97 for declaration where PAN is not available.

4.3 Mandatory PAN Application

Person entering specified transactions without PAN are now required to apply for PAN, in addition to furnishing declaration.

4.4 Cash Withdrawal Reporting

Cash withdrawals aggregating to ₹10 lakh or more in a financial year are newly brought under reporting requirements.

4.5 Digital Governance Framework

The rule empowers authorities to prescribe: - Data formats - Security standards - Transmission protocols

4.6 Verification Responsibility

Entities receiving documents must ensure: - Correct quoting of PAN - Proper record maintenance - Linking of PAN/Form 97 with reporting systems

5. Compliance Impact Analysis

5.1 Positive Changes

- Increased thresholds reducing compliance burden
- Removal of outdated provisions
- Improved clarity on responsible person
- Alignment with digital reporting ecosystem

5.2 Additional Compliance Requirements

- Reporting of cash withdrawals
- Mandatory PAN application requirement
- Enhanced verification and audit responsibility
- Increased system and data governance obligations

6. Conclusion

Rule 159 represents a comprehensive modernization of Rule 114B. While retaining the core objective of PAN quoting for specified transactions, it introduces:

- Rationalized thresholds
- Streamlined transaction coverage
- Enhanced compliance and governance mechanisms
- Digital and system-driven reporting framework

Accordingly, stakeholders are advised to review internal processes and systems to ensure alignment with the updated requirements under Rule 159.
