TITAN
COMPANY

REVISION OF PAN CARD THRESHOLD TO RS 200,000/ TRANSACTION

In the budget speech made by Hon. Finance Minister, on 28th Feb 2015, it was mentioned that quoting of PAN should be made mandatory for all sales and purchases of goods and services where the payment exceeds Rs. 100,000, to aid the government's attempt to curb black money and broaden the tax base. However, a lot of industry bodies including jewellery federations made representations to increase the limit as it was expected to very adversely affect their business.

In its press release dated 15th December, 2015, the Ministry of Finance has amended the rules regarding quoting of PAN card details for specific transactions. The rules issued by the Finance Ministry make it mandatory to quote PAN card details for every product/ service transaction (including jewellery and bullion) exceeding Rs 200,000, irrespective of mode of payment. This will be effective from 1st January, 2016. The limit for jewellery purchase was previously Rs 500,000 per transaction and for bullion Rs 200,000 per transaction (for collection of TCS), while there was no PAN card requirement for any other goods and services.

As far as the Company is concerned, all current jewellery sales above Rs 500,000/ transaction will not get impacted as the Company is already compliant with the PAN card requirements. The revised threshold could potentially affect the sales of the jewellery division for cash sales of individual products ranging from Rs 200,000-500,000. The cash transactions in this category amount to less than 10% of the revenue of the division in the recent past. At this point, it is difficult to estimate what percent of the revenue from these cash transactions, will be lost due to the new PAN card threshold. We do not expect any impact on our revenues for transactions made with credit cards, cheques, gift vouchers etc. The impact on our Golden Harvest Scheme related sales is also envisaged to be minimal as the average ticket size for such transactions is well below the Rs 200,000 threshold.

For TITAN COMPANY LTD.

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