



Memorandum

To Whom it may concern

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Your files

Our files

Place, Date

Munich, 9 April 2010

PAN Registration Procedure in India

Dear Sir or Madam,

With effect from 1 April 2010, any person entitled to receive payments on which Indian withholding tax is due (as e.g. royalties, fees for technical services or interest) shall provide an Indian Permanent Account Number ("**PAN**") to the Indian contractual partner before payment is made. We herewith give you a brief overview why it is necessary to obtain a PAN, what is required to obtain a PAN, how WTS can support you in this process and what is the time frame and cost involved.

A) Why is it necessary to obtain a PAN ?

If the PAN is not furnished, tax is required to be withheld at a rate of generally 20 %. This applies irrespective of the fact that the Double Taxation Agreement ("**DTA**") foresees a lower rate. If the PAN is provided after the payment only, the recipient can claim a refund which, however, incurs a considerable cash flow



disadvantage. If no PAN is provided at all, such portion of withholding tax which exceeds the DTA rate will be a definite tax burden which could have been avoided.

B) What is required to obtain a PAN ? What is the support you can expect from WTS ?

The following documents need to be duly completed in order to apply for a PAN:

1. Application Form 49A

PAN applications must be made on Form 49A. WTS will provide you with the completed form for signature. In order to complete application form 49A WTS requires the following information:

Complete legal entity name; registered address; nature of business conducted; date of incorporation; company registration number; e-mail address and telephone number; name and contact details of person signing the application form.

2. Certificate of Incorporation/Registration

The certificate of incorporation/registration of your firm needs to be notarized by a German Notary Public. The seal of the notary needs to be authenticated by the Indian embassy. If the certificate is not in English language, a certified true copy of the English translation needs to be provided. A certificate of incorporation/registration should be provided by the German notary.

Please note that an address proof (authenticated as the above documents) must also be attached, if it is not shown in the certificate of incorporation.

3. Power of Attorney

WTS will provide you with the following two draft Power of Attorneys ("**PoA**") which need to be attached to the application form:

- a) PoA in favour of the person signing the PAN application
- b) PoA authorizing WTS to represent your company before the Indian authorities for obtaining the PAN

The PoAs need to be notarized by a German Notary Public. The seal of the notary needs to be authenticated by the Indian embassy. If the PoA is not in English language, a certified true copy of English translation needs to be provided.

After the receipt of the above documents (1.-3.) WTS will submit the application to the Indian tax authority and check the progress of the issuance process.

C) How long does it take to obtain the application ? What does it cost ?

The issuance of the PAN takes about three weeks after the receipt of the notarized and authenticated documents and the application form 49A. Further, please note that the notarization and authentication itself can be time consuming.

WTS fees for obtaining a PAN will amount to EUR 500 (plus Indian service tax / expenses). This includes the completion of the application form 49A, the provision of the Power of Attorneys, the submission of the documents and correspondence with the tax authorities.

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We will be happy to assist you. For our contact data please refer to the top of page no. 1 .

Best regards

Karsten Gnuschke, Munich

Simon Chilla, Munich

Kunjan Gandhi, Mumbai