

# The Aadhaar Card in India What Expatriates Need to Know

By **Dezan Shira & Associates**

The Aadhaar is a 12-digit unique identification number issued by the federal body – **Unique Identification Authority of India (UIDAI)** – to all residents of India, as directed by the **Aadhaar Act, 2016**. It contains biometric information – thumb print and iris scan. Thus, the Aadhaar number serves as a universal proof of identity and address – but does not equate to Indian citizenship.

Various concerns over data security has made Aadhaar one of India's most controversial government policies in recent times. Yet, even as the country's Supreme Court hears petitions challenging the legal validity of Aadhaar, the government has pushed all residents in India to acquire their respective Aadhaar number.

Expatriates are affected as well: residency in India is determined by the **Income-tax Act of 1961**, and is calculated as living and/or working in India for 182 days and more out of a year. The relevant Section 6 of the Act explains all the parameters for determining residency in India, and can be accessed **here**.

However, certain agencies such as the federal tax body provides clear exemptions to expats (for when filing their tax returns). In a **notification** dated May 11, 2017, the Central Board of Direct Taxes (CBDT) exempted the following categories from mandatory Aadhaar enrollment:

- Not citizens of India;
- Non-resident Indians as per the Income-tax Act;
- Those aged over 80 years; and,
- Residents of Assam, Meghalaya, and Jammu & Kashmir.

While it is not illegal not to possess an Aadhaar number, it becomes complicated to navigate various services – such as banking or telecom – seamlessly without one.

The government has made it mandatory to link the Aadhaar number to all **banking and financial identification and documents** (PAN, bank account), as well as telecom services, by **March 31, 2018**.

Expatriates can choose to petition for exemption in their respective cases – this may or may not be accepted without a legal challenge, bureaucratic delays, or service denial.

### **Aadhaar linkage deadlines**

Previously, there were different deadlines for linking each document with the Aadhaar number. As of December 13, 2017, the deadline to **link Aadhaar** has been uniformly extended to March 31, 2018. The new rule was notified in the Gazette, and modifies the **Prevention of Money Laundering Act of 2002**.

- **Bank account:** The government has made it mandatory for every Indian bank account holder to link their bank accounts with their Aadhaar number; all delinked accounts will cease to be operational after the **March 31, 2018**
- **Mobile SIM cards:** The last date for linking the existing mobile number with Aadhaar is March 31, 2018, as ordered by India's Supreme Court. Failure to do so will result in the SIM being deactivated.
- **PAN card:** Taxpayers must link their Permanent Account Number (PAN) with Aadhaar for their tax returns to be processed; income tax returns (ITR) for the current financial year will be due by July 31, 2017. The extended deadline for linking Aadhaar and PAN is March 31, 2018.
- **Form 60:** In case a person is not a PAN card holder, but is entering into a financial transaction, they will need to submit their Aadhaar information to the reporting entity in their Form 60, according to the Ministry of Finance.
- **Insurance:** The Insurance Regulatory and Development Authority of India (IRDA) has made it mandatory to link the Aadhaar number to insurance policies under the Prevention of Money Laundering Act (PMLA) Rules, 2017. This includes both for existing and new policies. Policies will become inaccessible if not linked by March 31, 2018.
- **Mutual fund investments:** Mutual fund investors are required to link their Aadhaar numbers with their respective accounts; this follows an amendment in the PMLA Rules, 2017. The extended deadline for linking Aadhaar is March 31, 2018. Investments will be inoperable if delinked after the deadline.
- **Pension account and Provident Fund:** The Employees' Provident Fund Organization (EPFO) made it compulsory for its pensioners to submit their Aadhaar numbers in January 2017. It extended the deadline till June 30. Those who are eligible for pension under the Employees' Pension Scheme (Form 10c with more than 10 years of continuous service) must furnish their Aadhaar number. Accounts will be blocked if not linked with the Aadhaar number.
- **Death certificate:** From October 1, 2017, the government has made it compulsory for the dead person's Aadhaar number to be linked with their death certificates – to prevent identity fraud and



ensure the accuracy of the details of the deceased. If the deceased did not have an Aadhaar number, the relatives must provide an application stating the same.

Further, there are documents and accounts where linking the Aadhaar number is not mandatory – as yet. The holders of such accounts may, however, link their Aadhaar number to simplify administrative procedures and benefit from enhanced services.

- **Driving license and registration of new vehicles:** In order to curb the issue of fake licenses and recover stolen vehicles, the government has allowed linkage of the driving license and the registration of a vehicle with the Aadhaar number of the owner.

### How to enroll with Aadhaar

Foreign nationals that reside in India can download and fill the **enrollment form** available on the web portal: <https://uidai.gov.in/>. They will need to provide proof of identity, proof of address, and proof of age along with the form; the list of documents accepted for each are mentioned in the enrollment form.

Foreign nationals may be surprised to learn that their passports may not constitute valid proof of identification when applying for an Aadhaar card. Though individual Aadhaar enrollment clerks may vary in leniency, such applicants have been turned down because their proof of identification and address were not Indian documents.

Expat applicants are advised to use a **PAN card** for identification and a printed transaction booklet (passbook) from an Indian bank for address proof. However, as required paperwork can vary on a clerk-by-clerk basis, such applicants should bring a photocopy of their passport and visa when applying.

At the same time, it is not advisable to volunteer supplementary documentation if not requested by the clerk as it may cause additional confusion. Instead, foreign nationals should bring all relevant paperwork as a backup, but provide only those documents that are asked.

Further, while applicants can visit any Aadhaar enrollment center, we advise you to visit the nearest center to avoid additional scrutiny and questioning by enrollment clerks; bureaucrats may take issue if their center is far from the applicant's address.

A list of these centers is available on the UID portal **here**; however, expats have reported that some banks are currently hosting facilities for accountant holders that need to enroll.



Once the form is submitted, the enrollment center will record the applicant's thumb print, iris scan, and photograph, to complete the enrollment process. Any personal details can be reviewed and corrected during the enrollment process itself.

After the enrollment, an acknowledgement slip is issued with the enrollment number and other details.

The Aadhaar number is issued within 60-90 days of the completion of the enrollment process. It is sent via post and can also be downloaded from the website using the resident's postal pin code as password for access.

To link Aadhaar with the bank account or other services, the individual needs to approach the respective service provider and submit their Aadhaar number.

### **Tips for expats enrolling in Aadhaar**

Many expats have reported that enrolling for Aadhaar is affected by some inconsistencies. Accordingly, expats should note the following tips before starting the Aadhaar enrollment process.

- Use ID proof issued in India. Aadhaar station clerks may or may not accept foreign identification, even passports as identification or address proofs.
- Ensure that all address proofs are identical in their spelling where possible. Addresses in India often include landmarks or building names with different spellings, especially if it is translated from Hindi or another regional language, which can create issues for over-zealous clerks.
- Call the center in advance to ensure that the nearest issuing station is still open. The government opened a slew of centers around the country in 2016; however, now that many Indians possess an Aadhaar card, many of these locations have been shut down.
- Arrive as early as possible (preferably between 8 to 9 am) and prepare to wait. Some Aadhaar centers issue a maximum number of cards a day (sometimes as low as 30), while processing times can take several hours.

Bureaucratic compliance in India can be subjective. Getting an application processed quickly, slowly, or not at all can be – at times – dependent on the mood of a single bureaucrat.

Many bureaucrats in India are also often unprepared or trained to process foreign documentation. This can lead to redundant or confusing questions.



It is advisable that expat applicants be ready to explain themselves as clearly and politely as possible – even if the process gets repetitive. It is okay to ask to speak to a person's superior if you are not making any progress.

Bureaucratic procedures in India can seem excessive, time consuming, and counter-productive. However, it is advisable to maintain patience, and even a 'firm smile', when dealing with bureaucrats.

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*Since its establishment in 1992, Dezan Shira & Associates has been guiding foreign clients through Asia's complex regulatory environment and assisting them with all aspects of legal, accounting, tax, internal control, HR, payroll, and audit matters. As a full-service consultancy with operational offices across China, Hong Kong, India, and ASEAN, we are your reliable partner for business expansion in this region and beyond.*

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