

Difference Between TIN and TAN

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Key Difference - TIN vs TAN

Rules and regulations for [tax](#) payments should be effective in nature in order to avoid [tax evasion](#). Governments continuously attempt to improve the ways of collecting tax efficiently since tax payments by the individuals and corporates is a main source of [income](#) for governments. TIN (Taxpayer Identification Number) and TAN (**Tax Deduction and Collection Account Number**) are two such identifiers to ensure proper tax collection in India. The key difference between TIN and TAN is that **TIN is a unique 11 digit numeric code issued for vendors and dealers who are liable to pay VAT** whereas **TAN is a unique 10 digit alphanumeric code issued for individuals who are responsible for deducting or collecting tax as a mandatory requirement.**

What is TIN?

TIN (**Taxpayer Identification Number**) is a unique 11 digit numeric code issued for vendors and dealers who are liable to pay [VAT \(Value Added Tax\)](#). VAT is a type of consumption tax chargeable whenever value is added at a stage of production and at final sale. TIN is also referred to as **VAT Number** or **Sales Tax Number**. TIN is issued by the Commercial Tax Department of the respective [state or union territory](#) (UT), and the first 2 digits of TIN are the issued state code or (UT code). Other 9 digits of TIN differs by state governments.

Manufacturers, traders and dealers who are liable to pay taxes must mention TIN in all VAT transactions and correspondence. Further, TIN will be applied for both sales done within a state or between two or more states. Regulations for TIN are currently subjected to amendment, and under new regulations, there is no difference between TIN and VAT as only one number is needed for all type of sales made.

| <i>Name of the state</i> | <i>State code</i> | <i>Name of the state</i> | <i>State code</i> |
|--------------------------|-------------------|-----------------------------|-------------------|
| Jammu and Kashmir | 01 | West Bengal | 19 |
| Himachal Pradesh | 02 | Jharkhand | 20 |
| Punjab | 03 | Orissa | 21 |
| Chandigarh | 04 | Chhattisgarh | 22 |
| Uttarakhand | 05 | Madhya Pradesh | 23 |
| Haryana | 06 | Gujarat | 24 |
| Delhi | 07 | Daman and Diu | 25 |
| Rajasthan | 08 | Dadra and Nagar Haveli | 26 |
| Uttar Pradesh | 09 | Maharashtra | 27 |
| Bihar | 10 | Andhra Pradesh | 28 |
| Sikkim | 11 | Karnataka | 29 |
| Arunachal Pradesh | 12 | Goa | 30 |
| Nagaland | 13 | Lakshadweep | 31 |
| Manipur | 14 | Kerala | 32 |
| Mizoram | 15 | Tamil Nadu | 33 |
| Tripura | 16 | Puducherry | 34 |
| Meghalaya | 17 | Andaman and Nicobar Islands | 35 |
| Assam | 18 | | |

Figure 01: State codes for TIN

What is TAN?

TAN (**Tax Deduction and Collection Account Number**) is a unique 10 digit alphanumeric code issued for individuals who are responsible for deducting or collecting tax as a mandatory requirement. TAN is issued by the Income Tax Department under section 192A of Income Tax Act, 1961. The main objective of TAN is to simplify deduction and collection of tax at source. The structure of a TAN consists of 4 letters for the first 4 characters, 5 numerals for the subsequent 5 characters and a letter for the last character.

Further, as specified in the section 203A of the same act, it is mandatory to quote TAN on all tax deducted at source (TDS) returns. TDS is a means of indirect *tax* collection by Indian authorities according to the Income *Tax* Act, 1961. A penalty of Rs10, 000 is payable upon failure to apply for TAN, as well as for failure to quote it in TDS returns documents.



What is the difference between TIN and TAN?

TIN vs TAN

TIN is a unique 11 digit numeric code issued for vendors and dealers who are liable to pay VAT.

TAN is a unique 10 digit alphanumeric code issued for individuals who are responsible for deducting or collecting tax as a mandatory requirement.

Purpose

The purpose of TIN is to track VAT related activities in the country.

The purpose of TAN is to simplify deduction and collection of tax at source.

Issued by

TIN is issued by the Commercial Tax Department of the respective state.

TAN is issued by the Income Tax Department under section 192A of Income Tax Act, 1961.

Owned by

TIN should be owned by any vendor who is liable to pay VAT.

TAN is owned by every individual/entity who has to deduct or collect tax at source.

Summary - TIN vs TAN

The difference between TIN and TAN is that TIN is issued to track VAT related activities in the country whereas TAN is used to simplify deduction and collection of tax at source. They also vary in relation to the code structures and issuance authority. Unique identification codes such as TIN and TAN have made the calculation and collection of taxes convenient for authorities and made the tax system efficient and convenient to manage.

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