



Sanchar Nigam Pensioners' Welfare Association

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Reg.No:SOCIETY/WEST/2021/8902564

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SNPWA/CHQ/ Sec. Fin/1

dated 16.12.2021

To

The Secretary

Ministry Of Finance

Union of India . New Delhi

Respected Sir,

Sub: 1.Request for Tax exemption under section 10(10)B of Income Tax Act 1961 for the lumpsum compensation received (as ex-gratia).

2. Request for increasing the limit for tax exemption under leave encashment from Rs 3 lakhs under Section 10(10AA).ii of Income Tax Act.1961

Ref: BSNL VRS scheme 2019 notified vide BSNL CO No. 1-15/2019-PAT(BSNL) dated 04.11.2019

A vast majority of our members have been retired on 31.01.2020 vide ref above at the age of 50 to 59 years under BSNL VRS Scheme 2019. Even though many of them had a balance of active service of upto 9 years, they were coerced to go into retirement prematurely because of the compulsions on account of non payment of timely monthly salary, pay revision etc due to the poor financial condition of BSNL which was incurring huge loss continuously for more than 5 years. The main reason for the BSNL loss was attributed, on account of the huge salary bill and it was decided by the Management to reduce the staff strength by offering attractive compensation to the employees who took VRS from the company. They could have continued in service till the age of 60 years but for the above stated facts.

The Union Cabinet in its memo dated 23rd October 2019 had also promised attractive offers which included lumpsum compensation against VRS.

Vide 6.1 of Annexure I of the VRS scheme notification, it was specifically stated about the lump-sum compensation and the modus of its calculations. Since a specified amount of Rs 17,169 Crores was allocated towards the above compensation through budgetary support, they were given to understand that the scheme implied a retrenchment of 50% of the employees with a lump-sum compensation as ex-gratia .

2. Also para 8(iii) Annexure I stipulates that no re-employment in any CPSE is permitted. In case anyone wished to go in for re-employment the entire amount of compensation/ ex-gratia had to be repaid in full, which in turn implies that the lump-sum compensation paid to them is in full settlement of all claims in lieu of premature retrenchment.

Now huge sum of income tax has been deducted from the said lumpsum under sec 10(10) C of IT Act 1961 by which a good portion of the compensation granted by the Government is taken away in the form of Income TAX.

The facts pointed out in para1 and 2 of this representation, clearly permits tax exemption under Sec 10(10) B which provides for full exemption.

3. Similarly we may state that leave encashment earned during my service in BSNL has received exemption of only Rs. 3 lakhs. We would like to plead that this exemption limit introduced in 1998, following the pay revision of 1996, was arrived at, with respect to 10 months salary of the Cabinet Secretary at that time (@Rs30000*10). Since then two more pay revisions have occurred in 2006 and 2016. But the limit has never been revisited after 1996. I would, therefore, request your good self to raise the limit at least from 01.01.2016, the date of implementation of the last pay revision in tune with 10 months' revised salary of the Cabinet Secretary. Provision exists in the IT act under section 10(10AA).ii.to raise the limit periodically through Gazette notification, having regard to the limit applicable in this behalf to the employees of the Government which is 25 lakhs at present. This had to be done in 2006 and 2016, but had not happened.

The cost inflation index also knocks on common sense to revise the ceiling. This is equally applicable to the Rs. 5 lakh limit for ex-gratia under 10(10) C , which has never been revisited after 1993.

Therefore, it is my humble plea to your Goodself

1. To permit income tax exemption under Sec10(10) B of IT Act 1961 for the lumpsum / ex-gratia paid as retrenchment compensation.
2. To raise the limit for exemption on leave encashment equal to the limit applicable to the employees of the Government as provided in the IT Act w.e.f 1.1.2016 through gazette notification .
3. To increase the exemption limit of Rs 5 lakhs provided under section 10(10)C w.e.f 1.1.2016

Thanking you,

Yours Sincerely,



(G.L.Jogi)

Copy to

1. Sh. J. B. Mohapatra, Chairman, CBDT
2. Sh. Tarun Bajaj, Secretary, Revenue
- 3 to 8 members, CBDT