



ALL INDIA BSNL DOT PENSIONERS ASSOCIATION

[Registered No. S/68836/2010]

Central Head Quarters

Dada Ghosh Bhawan, 2151/1, New Patel Nagar, New Delhi - 110 008

E-mail : mail.aibdpa@gmail.com, Website : www.aibdpa.com

General Secretary:

K.G. JayaraJ

+91-9447455633, +91-9946715983

Advisor : V.A.N. Namboodiri

Patron : P.V. Chandrasekharan

President: A.K. Bhattacharjee

AIBDPA/IT-PEN/FM/2021

21th December, 2021

To,

**Ms. Nirmala Sitharaman,
Hon'ble Minister for Finance,
Government of India
New Delhi-110001**

Respected Madam,

Sub: - **Repeated Notice of Income Tax Department to BSNL pensioners for levying income tax from leave encashment on retirement for the exempted leave earned during government service - request for intervention- req.**

Ref :1) Notice under section 154 of Income Tax Act, 1961 being issued by Centralized Processing Centre, Income Tax, Bangalore.

(2) This Association letter No. AIBDPA/IT-PEN/FM/2021 dated 13-02-2021.

We are compelled to approach your good self once again on the matter under reference with the fervent request for your kind intervention for the final resolution of the issue.

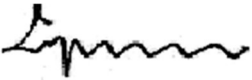
1. A kind reference is invited to our letter referred to above in which the justification for withdrawal of the notices issued by CPC, Bangalore and Ghaziabad was well explained. We are thankful that thereafter there had been no further action on the issued notices, presumably due to the intervention at the higher level. So, the affected BSNL pensioners were naturally relieved of the mental agony.
2. But again, we are receiving hundreds of complaints from the BSNL retirees, especially, VRS retirees who availed the BSNL VRS-2019, that CPC Bangalore has issued notices to thousands of BSNL pensioners demanding to remit huge amounts towards income tax disallowing exemption for the leave encashment during government service. This has put the BSNL retirees to severe mental tension and the resultant physical problems.
3. Actually, the absorbed BSNL employees have the combined services of government and BSNL. BSNL was formed on 01-10-2000 and all the employees in the Department of Telecommunications were transferred, rather absorbed in BSNL. According to the agreement reached with the Unions, the government agreed to pay the pension and terminal benefits to the absorbed employees from the Consolidated Fund and Rule 37 of CCS(Pension) Rules, 1972 was amended for this purpose. All earned leave and half pay leave in the credit of each employee as on 30-09-2000 were carried forward to the new entity. The earned leave carried forward from government service is completely exempt from Income Tax under section 10(10AA), sub clause (i) of Income Tax Act, 1961. And if the leave earned during government service is short of 300, then for the balance leave earned during BSNL service is taxable subject to the exemption limit of Rs. 3,00,000. Accordingly, BSNL Corporate Office, New Delhi is regulating the process of computing and the respective Account Officers making deduction of income tax from each employee and remitting to the Income Tax Department. This position has been clarified/reiterated by BSNL vide its Letter No. 1001-04/2011-12/Taxation/BSNL/LE/196 dated 04-05-2012. (copy enclosed for ready reference)
4. Further, in a similar issue, the appeal filed by Shri. Babulal Patel, a retired employee of MTNL against levying income tax for the amount of encashment of leave earned in government service, appeal No.CIT(A)-46-ITO-34(1) IT-188/2016-17, in the Income Tax Appellate Tribunal, Mumbai, the Hon'ble Tribunal has allowed the appeal in its judgment pronounced on 05-02-2019. (copy enclosed)
5. Therefore, it is very clear that there is no justification on the part of the Income Tax Officers to issue such notices to the pensioners which in practical amounts to be harassment/ intimidation at their old age, putting them to unnecessary mental agony.

6. This Association had deputed a delegation consisting of Shri. H C Prakash, Assistant General Secretary and Shri. Muddaiah, Circle Secretary, Karnataka to meet the concerned IT Officers at CPC, Bangalore to ascertain the actual position. Accordingly, they reached CPC, Bangalore on 10th December, travelling about 30 kms and sought permission to meet any of the Officers. Unfortunately, the officers refused to meet the delegation without considering their old age and the urgency of the issue.
7. However, we could understand from certain Chartered Accounts of Bangalore that CPC, Bangalore is resorting to such continuing harassment of BSNL retirees due to the following reasons;
 - (a) Only two options are available in the system for categorizing the tax payers; Government and Private. There is no provision to enter other categories like absorbed BSNL Pensioners, having combined service of government and PSU.
 - (b) No Office Memorandum is issued by the CBDT on the basis of the Order of the Income Tax Appellate Tribunal, Mumbai allowing the appeal filed by an MTNL employee against levying income tax for the leave encashment of the leave earned during government service (referred above).
Necessary action may please be caused at the highest level for the resolution of the issue for ever.

So, respected Madam, we request your kind intervention in the matter to do the needful to avoid such harassment towards the hapless BSNL retirees, most of them aged and ailing and unable to bear such mental torture any more.

With kind regards,

Yours sincerely,



K G Jayaraj
General Secretary

Encl: (1) BSNL clarification dated 04-05-2012 as referred to above.
(2) Copy of the Order of Income Tax Appellate Tribunal, Mumbai.

Copy to: (1) Shri J.B. Mohapatra, Chairman, CBDT, New Delhi
(2) Shri T.V. Somanathan, Finance Secretary, Govt of India, New Delhi
(3) Shri Tarun Bajaj, Revenue Secretary, Government of India, New Delhi
(4) Shri K Rajaraman, Secretary, Department of Telecommunications, New Delhi
(5) Shri P.K. Purwar, CMD, BSNL, New Delhi.
(6) Ms.Yojana Das, Director (Finance), BSNL, New Delhi