



**ALL INDIA BHARAT SANCHAR NIGAM LIMITED
RETIRED EXECUTIVES' ASSOCIATION**

Central Headquarters
111, New Ashiana Apartments, Plot-10, Sector-6, Dwarka
New Delhi-110 075
E-mail : gensecaibsnlrea@yahoo.com

President : P. D. Shukla
Ph.: 0522-2414477
(M) 09450457648

General Secretary : S. Basu
Ph.: 011-25073969
(M) 09868092995

Financial Secretary : Hari Ram
Ph.: 011-25075541
(M) 09868538189

No.AIBSNLREA/CHQ/2014/11

Dated: June 04 , 2014

To
Shri Arun Jaitley,
Finance Minister of India,
Government of India,
New Delhi 110 001

Subject: **Personal Income tax relief for common citizens/Senior Citizens in the ensuing General Budget 2014-15**

Hon'ble Sir,

Our Association represents the retired (pensioners) Executives of Bharat Sanchar Nigam Limited who had earlier been working in Department of Telecommunication before their absorption in this newly created CPSE. They draw pension from the Government due to their combined service in Government and BSNL under Rule 37-A of CCS (Pension) Rules 1972. They have similar problems like other Government pensioners. Hence, we take this opportunity to present a brief paper, enclosed herewith, expressing our views on taxation on personal income of general public (below 60 years of age) and also of senior citizens (above 60 years of age).

2. Our submission is in line with BJP's Election Manifesto 2014 **which assured for providing a non-adversarial and conducive tax environment and rationalized and simplified tax regime.** With respect to Senior Citizens, **the BJP Manifesto 2014 has also clearly focused on taking care of Senior citizens by proposing to explore ideas like additional tax benefits and higher interest rates.**

3. We earnestly urge upon you to kindly consider our submissions and extend the much needed relief to the individual income tax payers in general and the senior citizens in particular while drawing the Union Budget for the year 2014-15.

With kind regards,

Yours sincerely,



(S Basu)
General Secretary

Encl: As stated.

Copy to:

Shri Narendra Modi, ... With earnest request to
Hon'ble Prime Minister of India. kindly consider our submissions.

PROPOSALS FOR INCOME TAX FOR UNION BUDGET 2014

Submitted by

All India Bharat Sanchar Nigam Limited Retired Executives' Association, New Delhi

GENERAL PUBLIC (Below 60 Years of age):

Individual Income Limit for Taxation (General) :

The present basic exemption limit is Rs 2 lakhs (for those below 60 years of age). This limit is too low and needs to be increased to Rs 5 lakhs.

Common Exemptions:

Deductions from Tax for savings under various clauses 80 C, 80 CCF, 80 D, Interest on House loan, Payment of principal on home loan etc. are allowed with some caps under each head. All these clauses have separate caps and the deductions total to Rs 3 lakhs only. In the ensuing budget, the total deductions of rupees 3 lakhs may be increased to Rs 5 lakhs and be given without any separate cap for each section. This will benefit in nation building since a person who would not like to or have the necessity to purchase or a build house for himself may invest in NSCs, Govt. bonds and infrastructure Bonds etc to get the tax rebate where his individual investment will turn for nation building. Instead of spending the amount in

unproductive items and thereby causing inflation, the money can be pooled to National development where it is a win - win situation.

*The above would also be line with the BJP Manifesto of providing a non-adversarial and conducive tax environment and **rationalized and simplified tax regime.***

Taxation of Medical Benefit :

In the case of employees the medical benefit received from the employers is taxable with a threshold of Rs.15,000/-. This threshold was fixed sixteen years ago in the Financial year 1998-99. Now with the medical expenses having steep increase over the years, this may please be increased at least to Rs.50,000/- for the individuals..

SENIOR CITIZENS (Above 60 years of age):

With respect to Senior Citizens, the BJP Manifesto 2014 has clearly focused on taking care of Senior citizens by proposing to explore ideas like additional tax benefits and higher interest rates. On these lines the following may kindly be considered.

Individual Income Limit for taxation :

The basic exemption limit for senior citizen above 60 years may be increased from the present Rs 2.5 lakhs to Rs. 6 lakhs.

Senior Citizen's Savings Scheme :

The Senior Citizens' Savings Scheme in Post Offices was introduced during the earlier BJP rule under Shri Atal Bihari Vajpayee so that the senior citizens who make their living by the interest earned from their accumulated savings or terminal benefits during their life time are not put to hardship by reduction of bank interest rates. This provided a interest rate of 9 % p.a. Subsequently banks have increased their deposit rates and is currently offer at 9.5 %. Hence the Senior Citizens' Scheme may be improved as under :

- (i) Increasing the maximum ceiling on deposit from Rs 15 lakhs to Rs 30 lakhs.
- (ii) Increase the interest rate from 9 % to 10 %
- (iii) The interest received from senior citizens Scheme should be tax free.

Rate of Interest at Bank deposits :

Banks provide an additional interest rate of 0.5 % on the deposit of senior citizens. With the escalation in cost of living, the senior citizens who are not in any gainful employment find it very much difficult to meet their livelihood. Hence the banks may be asked to provide an additional interest of 1 % above the basic rates on the deposits by the Senior citizens.

Exemption for the medical benefits received by the Senior Citizens

A pensioner gets his pension in the evening of his life. His pension is already half of the pay being drawn by him. Rather with no perks like HRA etc, it is still less than 50 % of what was being drawn by him. Whereas the expenses do not become less in anyway. He is above 60 years in age. A host of diseases attack him and he has to spend a lot for his medicines. In some departments/PSUs the pensioners are also given medical benefit. Many senior citizens suffer from perennial diseases like diabetes, Hyper tension, heart, kidney ailments for which they have to constantly take medical treatment which need not be necessarily be as an in-patient, but the expenditure many a times far exceed the actual medical benefit being given. Since the pension received is also treated as salary, he gets covered by the same clause for taxation from individuals regarding medical benefits received from his past employer. So to tax his medical benefit which is not an income for him in reality is causing great hardship to the senior citizens and it is a double jeopardy for a person ailing at old age. Since extending medical benefit is a social security, the taxation on medical allowance or medical reimbursement received by the senior citizens needs to be totally exempted. The BJP Manifesto 2014 has correctly aimed at to reduce the out of pocket spending on health care. Many senior citizens already spend more than the actual medical benefit given by their past employer. The medical reimbursement is not an income in reality at the hands of the receiver. Hence to tax the same is a further burden on the senior citizens. Hence the medical allowance or reimbursement provided by the past employer to the pensioners who are senior citizens should be tax free when they are not in any gainful employment.

Exemption on Pension :

Pension received from his past employer is treated as salary and is taxable. A pensioner who retires on superannuation is over 60 years in age and hence called as a senior citizen. He has to meet his expenses only from the pension that he receives as in most of the cases he does not have any employment opportunity at this age or any additional income. The pensioners of today are those who entered service in the early days of free India. They contributed their youth to the nation building in their own sphere when the salary was too meager as compared to today and even in that salary they would have paid income Tax over their entire service

since the exemption limits were also very low and with higher taxation slabs and the Tax being deducted at source. Now at the evening of their life they are receiving their pension just to make out a living when they have no more capability to work. Now, it is for the nation to take care of them. The nation pays old age pension for the elderly citizens who do not have any source of income. The pensioners receive pension for their past employment. As they had paid a good amount as tax while they were in service, the pension now being drawn by them should be treated as a social security.

When a person is in employment the local bodies like Municipal Corporation levy professional tax which is based on his salary. But when a person retires and receives pension, professional tax is not levied on him. Very like that the pension received by the senior citizens should not be treated as salary and be totally exempt from Income Tax.

The amount so collected as Income Tax out of the pension of the senior citizens may be very small. But it makes the senior citizen to file a tax return at the old age. The number of returns will be large and this would increase the workload of the Income Tax department whereas the tax collected would be small when the pensioner is not in any gainful employment.

So if a pensioner is not in gainful employment, the pension received by him should be tax free.

oooOOOooo