



ALL INDIA BHARAT SANCHAR NIGAM LIMITED RETIRED EXECUTIVES' ASSOCIATION

Central Headquarters

Registered under Societies Registration Act XXI of 1860 vide Govt. of NCT Delhi No. S/RS/SW/1161/2014

[Registered under Pensioners Portal vide DoP&PW letter No. 4(4)/2021-P&PW(H)7311 dated 04.01.2024]

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No. AIBSNLREA/CHQ/2024/85

Dated 2nd December 2024

To

Shri Mohammad Shahbaz Ali,
Controller General of Communication Accounts,
Department of Telecommunications,
New Delhi

Sub: Request to stop advance recovery of TDS on the interest payable on gratuity to BSNL VRS retirees, being done on incorrect interpretation of Section 192 of Income Tax Act 1961

Sir,

We are constrained to bring to your kind notice an incorrect move by the CCAs who have been deducting every month, income tax on DCRG interest which is yet to be paid, from the BSNL VRS retirees, payable only by 5th March 2025.

2. When we brought the above to your notice vide our earlier letter dated 03.07.2024 one of the CCAs had replied that "*As per the Income Tax Act U/s 192, the employer estimates employee's salary for the relevant financial year. This should include basic pay, dearness allowance, perquisites granted by the employer, other allowances granted by the employer like HRA, LTA, meal coupons etc., EPF contributions, bonus, commissions, gratuity, salary from the previous employer, if any etc.*"

3. Section 192 (1) of the Act reads "Any person responsible for paying any income chargeable under the head "Salaries" shall, **at the time of payment**, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee under this head for that financial year."

4. A careful reading of Section 192 of the Income Act 1961 will show that **estimation of the income is only for the purpose of computing the rate of income tax for deduction of tax at source and deduction shall be made only at the time of payment.** Due to incorrect interpretation of the

said section, all CCAs have started recovering TDS on the interest on DCRG which has not been paid, from the monthly pension of the pensioners concerned. This has caused sudden and huge drop in the monthly pension of the affected pensioners, leaving them in financial difficulty. This situation could have been avoided had the income tax towards interest on DCRG been deducted at the time of actual payment. In that case, the pensioners would not have felt the pinch of TDS. There is also the likelihood of encountering of issues in filing ITR, if the interest on DCRG is not paid in time within this Financial Year.

5. We would therefore request you to kindly issue instructions immediately to all the CCAs to stop recovery of TDS towards interest on DCRG which is payable only by March 2025 and to deduct balance TDS only when the interest on DCRG is actually paid.

With kind regards,

Yours sincerely,

Handwritten signature in blue ink, consisting of several loops and a horizontal line, followed by the date 2/12/24.

(R.R. Balasubramanian)
General Secretary

Copy to: Shri V.Srinivas,
Secretary (Pension), DoP&PW