



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

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No. AIBSNLREA/CHQ/2021/72

Date: 22nd November 2021

To
Smt. Yojana Das,
Director (Finance),
Bharat Sanchar Nigam Limited,
New Delhi

Sub: Incorrectness of the clarification issued by BSNL on taxability of payments made to retired employees and nominees of deceased employees – Request for withdrawal of the clarification.

- Ref: 1. letter No. BSNLCO-TAXN/13(18)/3/2020-TAXATION/4362 dated 22.09.2021
2. Our letter No. AIBSNLREA/CHQ/2021/61 dated 27th September 2021
3. BSNL response vide No. BSNLCO-TAXN/11(15)/4/2021-Taxation/4402 dated 22.10.2021

Madam,

This is in continuation of our letter cited under Ref.2 above, wherein we had drawn your attention to the BSNL letter cited under Ref. 1 above, issuing clarification to the Circles that on a conservative basis tax may be deducted at source under the head salary for the amount reimbursed to BSNL absorbed retired employees on account of subscription. The said clarification is quite unwarranted and impulsive as the letter itself states that "as per the proviso to section 17(2) of the Income Tax Act, 1962, any reimbursement by the employer in respect of any insurance premium paid by the employee to effect an insurance on his health or the health of his family under any approved scheme by Centra Govt. or IRDA is a tax free perquisite" and because BSNL cannot on its own assign a hitherto unheard of meaning to the term "income".

2. In response to our representation, BSNL, vide its letter under Ref.3 above, has reproduced provisions under Section 80D of the Income Tax Act dealing with deductions against Medical Insurance Premia, completely ignoring our contention that any reimbursement cannot be treated as income and therefore not subject to Income Tax. We are enclosing our letter dated 22.09.2021, cited under Ref.2 above, for your ready reference on the justification for not


deducting tax at source for the reimbursement of onetime payment of subscription to CGHS in respect of BSNL absorbed IDA pensioner.

3. Even otherwise, as per the new provision under Section 80 D quoted in your letter, "where a taxpayer has made a lumpsum premium payment in a single year for a policy valid for more than one year, he can claim a deduction equal to the appropriate fraction of the amount, under Section 80D. The appropriate fraction is arrived at, by dividing the lump sum premium paid, by the number of years of the policy. However, this would again be subject to the limits of Rs 25,000 of Rs 50,000 as the case may be." In the case of CGHS subscription paid by the BSNL absorbed Pensioner and reimbursed by BSNL, the highest one-time payment made is Rs.1,20,000 and the fraction arrived at by dividing the one-time payment by 10 years, is Rs.12000, which is far lesser than the limits of Rs.25000 and Rs.50000. Therefore, even on this count, BSNL clarification issued vide letter cited under Ref.1 above, does not have any validity.

4. In any case, there is no rationale and justification in BSNL deducting tax at source for the reimbursement of onetime payment of subscription to CGHS in respect of BSNL absorbed IDA pensioner and therefore it is again requested that the said clarification be withdrawn immediately.

With kind regards,

Yours sincerely,


(R.R. Balasubramanian) 22/4/21
Asst. General Secretary
For General Secretary

Encl: As stated

Copy to: 1. Shri Indevar Pandey,
Secretary (Pension), DoP&PW
2. Shri Y.N. Singh,
General Manager, Taxation, BSNL CO