



ALL INDIA BHARAT SANCHAR NIGAM LIMITED RETIRED EXECUTIVES' ASSOCIATION

Central Headquarters

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No.AIBSNLREA/CHQ/2023/44

Dated: 5th May 2023

To

Shri Y.N.Singh,
Sr.General Manager (Taxation)
BSNL Corporate Office,
New Delhi 110001.

Sub: Incorrectness of the clarification issued by BSNL on taxability of reimbursement of CGHS contribution to BSNL absorbed pensioners – Request for withdrawal of the clarification.

Ref: 1. Our letter No.AIBSNLREA/CHQ/2023/35 dated 28th March 2023

2. BSNL letter No. BSNLCO-TAXN/11(15)/4/2021-Taxation-Part(1)/4949 dated 28-04-2023

Sir,

We are thankful for your detailed response vide BSNL letter No. BSNLCO-TAXN/11(15)/4/2021-Taxation-Part(1)/4949 Dated:- 28-04-2023, after considering the points raised by us in our letter cited under Ref.1 above. We are sorry to say that there appears to be still some confusion with the justification advanced for the decision to treat the amount reimbursed towards one-time contribution made to CGHS as taxable income. We would therefore request you to get the following points mentioned in your letter revisited and re-examined.

2. The letter states that “As per proviso to Section 17(2), 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 family member under any approved scheme by Central Govt. or IRDA is a tax free perquisite. Whereas in the instant case as BSNL is reimbursing CGHS onetime contribution. Such one-time contribution cannot be regarded as insurance premium as referred in proviso to Section 17(2)”, so as to mean that only yearly premium reimbursed is not taxable and one-time contribution is taxable.

3. We would like you to appreciate the fact that several Medical Insurance companies provide options for one-time subscription too, along with the yearly premium. CGHS too provides for two

options, one with yearly contribution and the other one with life-time contribution. Just because of the provision of one-time contribution, CGHS contribution cannot be differently treated from insurance premium.

4. Further we had only pointed out that **“Payment for medical insurance premium (mode other than cash)’ has been equated to ‘contribution to CGHS’ in the form meant for calculating deduction under section 80D”** to emphasize that there should be no doubt regarding treating contribution to CGHS as medical insurance premium. Surprisingly this has been misconstrued as our intention to claim deduction under 80D. No one will claim deduction for an amount which has been already reimbursed.

5. We would therefore request you to kindly get the matter re-examined and orders passed for treating the reimbursement of one-time CGHS contribution as tax free perquisite.

With regards,

Yours sincerely,

Handwritten signature in blue ink, appearing to read 'R.R. Balasubramanian', with the date '5/5/23' written below it.

(R.R. Balasubramanian)
General Secretary

Copy to: 1. Shri V Srinivas,
Secretary (Pension), DoP&PW
2. Shri Rajiv Kumar,
Director (F), BSNL