



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]
Flat No.6, Second Floor, 10/41, Sowrashtanagar 7th Cross Street, Choolaimedu, Chennai – 600094

Email: gensecaibsnlrea@yahoo.com

Website: <https://www.aibsnlrea.org>

President

V. Chinnappiah
(M) 9444003300

General Secretary

R.R.Balasubramanian
(M) 9486100613

Financial Secretary

Awadesh Sharma
(M) 9968630008

No. AIBSNLREA/CHQ/2024/42

Dated 14th June 2024

To

Shri Nitin Gupta,
Chairman,
Central Board of Direct Taxes,
New Delhi

Sub: Request for closure of Notices issued under Section 154 claiming additional tax on leave encashment for leave earned during DoT period, case of BSNL absorbed pensioners

Sir,

We seek your kind attention to a persistent issue since the year 2021 wherein CPC Bangalore had issued notice to some BSNL absorbed pensioners demanding paying of additional tax on the plea that that the "order u/s 154 was erroneously taken up for rectification again, whereby full exemption, as claimed in the return, was allowed. As the assessee's claim of exemption, in excess of Rs 3 lakhs, is erroneous and is a mistake apparent from records, the exemption u/s 10(10AA) is restricted to Rs 3 lakhs in this order". After due reply from the taxpayers, these notices have not been cancelled, although the demand for additional tax was not pursued further.

2. BSNL IDA pensioners were serving in Government of India under Department of Telecommunications upto 30.09.2000 and were transferred to and permanently absorbed in Bharat Sanchar Nigam Limited (BSNL) which was formed on 01.10.2000 as per Government of India decision. Thus, they were Central Government Employees up to 30.09.2000. According to the Cabinet decision taken then, the earned leave at the credit of these employees were duly carried forward to BSNL.

3. According to Section 10 (10AA) (i) of IT Act, Leave encashment *at the time of retirement or separation (other than on account of termination)* of a Government Employee

is fully exempt from income tax. However, for the Non-Govt employees, leave encashment in excess of Rs.3,00,000 (Three lakhs) is taxable as per Section 10 (10AA) (ii). Therefore, BSNL had issued guidelines vide No.1001-04/2011-12/Taxation/BSNL/LE/176 dated 04.05.2012 (copy enclosed) stating that:

"1. The full amount received by a retiring absorbed employee 'as the cash equivalent of the leave salary in respect of the period of earned leave at his credit at the time of his retirement' under sub-clause (i) of Section 10(10AA), Income Tax Act, 1961, calculated as per the accepted norm adopted for calculating the Amount due for the Government service period, will be eligible for full exemption, on the date of absorption in BSNL from DOT.

2. As per sub clause (ii) of the Section 10(10 AA) of Income Tax Act, 1961, subject to the exemption limit of Rs 300,000/- amount calculated to leave salary drawn by the employee on or after the date of absorption in BSNL (i.e., PSU service) is taxable".

4. Based on the above orders, BSNL has been calculating leave earned in Government service prior to absorption and leave earned after absorption separately and has been deducting TDS accordingly, which reflects in the Form 16 also. All retired BSNL absorbed employees have been submitting ITRs based on these Form 16 only.

5. It is pertinent to point out here that in a similar case of CPC Bangalore claiming tax for the encashment of leave earned during Government service in respect of Mahanagar Telephone Nigam Limited, (MTNL) employees who were permanently absorbed in the PSU came before the INCOME TAX APPELLATE TRIBUNAL "SMC" BENCH, MUMBAI in ITA No. 3261/Mum/2018 and the Hon'ble Tribunal had allowed the appeal of the assessee and ordered that

*"I am of the view that as per the provisions of section 10(10AA)(i) of the Act, the assessee is entitled for exemption on the amount of leave encashment of leave earned during the period before absorption in MTNL as per section 10(10AA)(i) of the Act as applicable to Central Govt. because before that date he was employee of Govt. of India that the Central Government. The amount of leave encashment in respect of leave accrued after absorption in MTNL will be governed by the exemption as per section 10(10AA)(ii) of the Act. **I find that the facts are clearly in favour of assessee and for 263 days of leave as on the date of absorption was available to the assessee, which was earned and unutilized from Government service i.e. Central Government and will be governed by 10(10AA)(i) of the Act. The balance 37 days of leave earned is from MTNL and will be governed as per the provisions of section 10(10AA)(ii) of the Act. Accordingly, I allow the appeal of the assessee***

and direct the AO to recompute the exemption proportionately as directed above."

6. Therefore, it is evident that the action by IT department under Section 154 is violative of Section 10 (10AA) (i) of IT Act. All the assesses who received notice on this count had duly submitted their reply mentioning about the BSNL letter cited above and the Income Tax Appellate Tribunal, Mumbai orders referred to in previous paragraph. Although no further action has been taken by the Income Tax authorities, there are instances where the additional tax is recovered wherever the assessee is eligible for refund. Non-closure of the notices continues to be a sword of Damocles hanging over their head with adverse action against them by the IT department at any point of time in the future. This has led to a situation where the concerned assesses are in constant stress.

7. In view of the above facts, we request you to kindly direct the officials in CPC Bangalore to withdraw/close the notices issued in violation of the IT Act and also stop harassing the BSNL pensioners by recovering the alleged additional tax in lieu of refunds due.

With kind regards,

Yours sincerely,



(R.R. Balasubramanian)
General Secretary

Encl: As stated

Copy to: 1. Shri Pankaj Chaudhary,
Minister of State, Finance, Gol
2. Shri V. Srinivas,
Secretary (Pension), DoP&PW

CORPORATE OFFICE, TAXATION SECTION
1ST FLOOR, BHARAT SANCHAR BHAWAN,
JANPATH, NEW DELHI-110001
Ph.No.011-23037306/23734087
Fax : 011-23718886



BHARAT SANCHAR NIGAM LIMITED
[A Government of India Enterprise]

No. 1001-04/2011-12/Taxation/BSNL/LE/196

Dated: 4/05/2012

To
All Heads of Telecom Circles/
Metro Districts/ Maintenance Regions/
Projects/Stores/BRBRAITT/ ALTTC,
All other Administrative Units, BSNL.

Sub.: TDS on Leave encashment amount at the time of retirement-Reg.

Several Telecom Circles, individual employees of BSNL as well as executive associations have sought clarifications relating to deduction of Tax at Source on Leave encashment amount payable at the time of retirement to the BSNL employees.

The subject matter has been examined in Corporate Office and it was decided to refer to our corporate tax consultant for opinion. Keeping in view the opinion of tax consultant relating to TDS on leave encashment, the following guidelines are issued:

1. The full amount received by a retiring absorbed employee 'as the cash equivalent of the leave salary in respect of the period of earned leave at his credit at the time of his retirement', under sub-clause (i) of Section 10(10AA), Income Tax Act, 1961, calculated as per the accepted norm adopted for calculating the Amount due for the Government service period, **will be eligible for full exemption, on the date of absorption, in BSNL from DOT.**
2. As per sub clause (ii) of the Section 10(10AA) of Income Tax Act, 1961, subject to the exemption limit of Rs. 300,000/-, amount calculated equivalent to leave salary drawn by the employee on or after the date of absorption in BSNL (i.e., PSU Service) is taxable.
3. Keeping in view the above position,
 - (a) If BSNL absorbed employee already had 300 days standing to his credit at the time of his retirement from Service i.e., his permanent absorption into BSNL, the entire amount of leave encashment is eligible for full exemption under section 10(10AA) sub clause (i) of Income Tax Act, 1961, at the time of payment on superannuation /retirement etc. of the employees.
 - (b) If an absorbed employee has less than 300 days standing to his credit at the time of his retirement from Government Service i.e., his permanent absorption into BSNL, leave encashment amount for the balance period (**not exceeding 300 days in total as prescribed**) subject to the exemption limit of Rs. 3,00,000/- will be taxable

under sub clause (ii) of section 10(10AA) of Income Tax Act, 1961, at the time of payment on superannuation /retirement etc. of the employees.

4. Taking into consideration the above guidelines,

(a) The earned leave account of Government Service at their credit as on the date of permanent absorption into BSNL is to be calculated proportionately as per service records and to allow the full exemption upto 300 days on the date of superannuation/retirement etc. as an employee of the Central Government under sub clause (i) of section 10(10AA) of Income Tax Act, 1961.

(b) If leave encashment at credit is less than 300 days at the time of absorption, the balance leave earned during BSNL (PSU) service will be taxable subject to exemption limit of Rs. 3,00,000/- under section 10(10AA) sub clause (ii) of Income Tax Act, 1961, at the time of superannuation/retirement etc.

5. For directly recruited employees by BSNL on or after 1/10/2000, the TDS on leave encashment will be made as per Section 10(10AA) sub clause (ii) i.e., leave encashment amount exceeding Rs. 3,00,000/- (which is exempted) is taxable.

All the Heads of offices/DDOs are requested to ensure that the TDS is regulated as above before making the payment of Leave Encashment.

This is issued with the approval of competent authority.



(K Jothi)

DGM (Taxation)



प्रशासनिक सुधार और लोक शिकायत विभाग

DEPARTMENT OF
ADMINISTRATIVE REFORMS
& PUBLIC GRIEVANCES

CPGRAMS

Language :

English ▾

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Appeal Details

Appeal Number

CBODT/E/A/24/0002846

Grievance Registration Number

CBODT/E/2024/0029485

Name

Balasubramanian R R GS AIBSNLREA

Appeal Recieved Date

25/08/2024

Reason Of Appeal

This grievance does not pertain to a single assessee but a number of BSNL pensioners. Anyhow, to cite an example, we mention a case of Shri R.Ravi, with PAN number AOUPR8123F Please check and resolve the issue.

Appeal Status

Appeal Closed (On 14/11/2025)

Closing Remarks

The grievance is with regard to Shri R.Ravi with PAN AOUPR8213F, claiming full exemption of the leave encashment earned in the case of BSNL absorbed pensioners. In this regard, JAO has intimated that 154 order has been passed on 13.11.2025 allowing the claim of the

assessee and reduced the demand. Copy of order is attached for reference. Accordingly, the CPGRAMs Appeal is fully resolved in the said case.

Officer Concerns To

Officer Name

Shri E.S. Nagendra Prasad

Email Address

chennai.pccit@incometax.gov.in

Contact Number

04428338301

Organisation name

PRINCIPAL COMMISSIONER OF INCOME TAX 1 CHENNAI

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GOVERNMENT OF INDIA
MINISTRY OF FINANCE
INCOME TAX DEPARTMENT
OFFICE OF THE INCOME TAX OFFICER
NON CORP WARD 22(6), TBM

Computation Sheet

General Details			
PAN	AOUPR8123F	Assessment Year	2020-21
Name	RAVI RETHINASABHAPAT HY	Address	PLOT NO 1 NEW THENDRAL ,10, FIFTH STREET RAMAKRISHNA NAGAR, CHITLAPAKKAM CHENNAI 600064 ,Tamil Nadu India
Residential Status		DIN & Document Number	ITBA/REC/S/430/2025- 26/1082596643(1)
Order Section	154 r.w.s 143(1)	Order Date	13/11/2025

Sl. No.	Reporting Heads	Amount as per Current Order (in Rs.)
	HEADS OF INCOME	
1.	INCOME FROM BUSINESS & PROFESSION	17,500
2.	(i) GROSS SALARY	24,96,752
	(ia) SALARY AS PER SECTION 17(1)	24,96,752
	(ib) VALUE OF PERQUISITES AS PER SECTION 17(2)	0
	(ic) PROFITS IN LIEU OF SALARY AS PER SECTION 17(3)	0
	(ii) LESS: ALLOWANCES TO THE EXTENT EXEMPT U/S 10	17,61,350
	(iii) NET SALARY (i-ii)	7,35,402
	(iv) DEDUCTION U/S. 16(iva+ivb+vc)	50,418
	(a) STANDARD DEDUCTION U/S 16(ia)	50,000
	(b) ENTERTAINMENT ALLOWANCE U/S 16(ii)	0
	(c) PROFESSIONAL TAX U/S 16(iii)	418
	(v) INCOME CHARGEABLE UNDER THE HEAD SALARIES (iii-iv)	6,84,984
3.	TYPE OF HOUSE PROPERTY	0
	(i) GROSS RENT RECEIVED/RECEIVABLE/LETTABLE VALUE	0
	(ii) TAX PAID TO LOCAL AUTHORITIES	0

Note: If digitally signed, the date of digital signature may be taken as date of document.
,TAMBARAM - BUSINESS RANGE, NO. 7, RAMAKRISHNA STREET, WEST TAMBARAM, CHENNAI, Tamil Nadu, 600045
Email: TAMBARAM.ITO.NC22.6@INCOMETAX.GOV.IN,

	(iii) ANNUAL VALUE (i-ii)	0
	(iv) 30% OF ANNUAL VALUE	0
	(v) INTEREST PAYABLE ON BORROWED CAPITAL	15,406
	(vi) ARREARS/UNREALIZED RENT RECEIVED DURING THE YEAR LESS 30%	0
	(vii) INCOME CHARGEABLE UNDER THE HEAD 'HOUSE PROPERTY (iii-iv-v)+vi	-15,406
4.	INCOME FROM OTHER SOURCES	58,122
5.	GROSS TOTAL INCOME (5=1+2+3+4)	7,45,200
	DEDUCTIONS UNDER CHAPTER VI A	
6.	80C-Life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures,etc	1,50,000
7.	80CCC-Payment in respect Pension Fund	0
8.	80CCD(1)-Contribution to pension scheme of Central Government	0
9.	80CCD(1B)-Contribution to pension scheme of Central Government	0
10.	80CCD(2)-Contribution to pension scheme of Central Government by employer	0
11.	80D- Health Insurance Premium	3,398
12.	80DD- Maintenance including medical treatment of a dependent who is a person with disability - Dependent person with Disability	0
13.	80DDB- Medical treatment of specified disease - Self or dependent - Senior Citizen	0
14.	80E- Interest on loan taken for higher education	0
15.	80EE- Interest on loan taken for residential house property	0
16.	80EEA - Deduction in respect of interest on loan taken for certain house property	0
17.	80EEB - Deduction in respect of purchase of electric vehicle	0
18.	80G- Donations to certain funds, charitable institutions, etc(Please fill 80G Schedule)	0
19.	80GG- Rent paid	0
20.	80GGC- Donation to Political party	0
21.	80TTA- Interest on saving bank Accounts in case of other than Resident senior citizens	0
22.	80TTB- Interest on deposits in case of Resident senior citizens.	50,000
23.	80U- In case of a person with disability	0
24.	TOTAL DEDUCTIONS UNDER CHAPTER (VIA) (Total of 6 to 23)	2,03,398
25.	TOTAL INCOME AFTER DEDUCTIONS 25 =(5-24)	5,41,800
	TAX DETAILS	
26.	TAX PAYABLE ON TOTAL INCOME	18,360

27.	REBATE U/S 87A	0
28.	TAX PAYABLE AFTER REBATE 28=(26-27)	18,360
29.	SURCHARGE (ON 28)	0
30.	HEALTH AND EDUCATION CESS @ 4% ON (28+29)	734
31.	GROSS TAX LIABILITY 31=(28+29+30)	19,094
	TAX RELIEF	
32.	RELIEF U/S 89(1)	0
	TOTAL INCOME TAX LIABILITY	
33.	NET TAX LIABILITY 33=(31-32)	19,094
	INTEREST PAYABLE	
34.	FOR DEFAULT IN FURNISHING THE RETURN (SECTION 234A)	0
35.	FOR DEFAULT IN PAYMENT OF ADVANCE PAYMENT (SECTION 234 B)	1,395
36.	FOR DEFERMENT OF ADVANCE TAX (SECTION 234C)	639
37.	INTEREST U/S 234D	0
38.	FEE FOR DEFAULT IN FURNISHING RETURN OF INCOME (SECTION 234F)	0
39.	TOTAL INTEREST PAYABLE 39=(34+35+36+37+38)	2,034
40.	AGGREGATE INCOME TAX LIABILITY 40=(33+39)	21,128
	PRE-PAID TAXES	
41.	TDS	3,500
42.	TCS	0
43.	ADVANCE TAX	0
44.	SELF ASSESSMENT TAX	17,620
45.	REGULAR TAX PAID	0
46.	TOTAL TAXES PAID 46=(41+42+43+44+45)	21,120
	TAX PAYABLE/REFUND	
47.	AMOUNT PAYABLE/ REFUND AMOUNT 47=(40-46)	8
48.	INTEREST U/S 244A ON CURRENT AMOUNT	0
49.	INTEREST U/S 244A(1A)	0
50.	TOTAL AMOUNT PAYABLE/ REFUND AMOUNT 50= (47+48+49)	8
51.	REFUND ALREADY ISSUED (incl. interest u/s 244A and interest u/s 244A(1A) if any)	0
52.	BALANCE AMOUNT PAYABLE/REFUNDABLE (incl. provisional Interest u/s 244A till current order - if an incl. provisional Interest u/s 244A till current order and interest u/s 244A(1A) - if any) 52 = (50-51)	8
53.	INTEREST U/S 220(2) CHARGED (In Rs.)	0
54.	AMOUNT PAYABLE/ REFUNDABLE 54=(52+53)	8

*In case of refund, Refund Intimation cum Adjustment sheet will be issued subsequently and separate communication will be sent for the same.

MUKUL PASI
NON CORP WARD 22(6), TBM





Pr.CCsiT/Pr.DGsIT & CCsIT/DGsIT of the respective regions

S.N.	Pr. CCIT Region	STATION
1.	Pr. CCIT, Gujarat CCIT-1, CCIT-2 & CCIT(TDS), Ahmedabad; CCIT, Rajkot; CCIT, Surat; CCIT,Vadodara; DGIT (Inv.)-Ahmedabad	Ahmedabad
2.	Pr. CCIT, Karnataka CCIT-1 Bengaluru, CCIT-2 Bengaluru, CCIT-TDS, CCIT-Panaji, DGIT (Inv.)- Bengaluru. CCIT(International Taxation)-Bengaluru	Bengaluru
3.	Pr. CCIT, Madhya Pradesh & Chattisgarh CCIT-Raipur, CCIT-Indore, DGIT (Inv.)-Bhopal	Bhopal
4.	Pr. CCIT, Odisha	Bhubaneswar
5.	Pr. CCIT, North West Region CCIT-Amritsar, CCIT-Panchkula, CCIT-Ludhiana, CCIT-Shimla, DGIT (Inv.)-Chandigarh	Chandigarh
6.	Pr. CCIT, Tamil Nadu & Puducherry CCIT-1 Chennai, CCIT-3 Chennai, CCIT-4 Chennai, CCIT-TDS, CCIT-Coimbatore, CCIT-Madurai, CCIT-Trichy, DGIT (Inv.)- Chennai	Chennai
7.	Pr. CCIT, Delhi, Pr. CCIT(NaFAC), Pr. CCIT(NFAC), Pr. CCIT(Exemptions), Pr. CCIT (International Taxation), Pr. DGIT(Admn. & TPS), Pr. DGIT (Intelligence & Criminal Investigation), Pr. DGIT(HRD), Pr.DGIT(Training), Delhi; CCIT-1 Delhi, CCIT-2 Delhi, CCIT-3 Delhi, CCIT-4 Delhi, CCIT-(7 to 9) Delhi, CCIT-TDS, CCIT-Central(1&2), CCIT(Intl. Tax.), DGIT(Systems), DGIT(L&R), DGIT(Vigilance) & DGIT(Inv.)-Delhi	Delhi
8.	Pr. CCIT, North East Region CCIT, Shillong	Guwahati
9.	Pr. CCIT, Andhra Pradesh & Telangana CCIT-Hyderabad, CCIT-Vijayawada, CCIT-Visakhapatnam, DGIT (Inv.)-Hyderabad	Hyderabad
10.	Pr. CCIT, Rajasthan CCIT-Udaipur; CCIT-Jodhpur; DGIT (Inv.)-Jaipur	Jaipur
11.	Pr. CCIT, UP (West) & Uttarakhand CCIT-Ghaziabad, CCIT-Dehradun	Kanpur
12.	Pr. CCIT, Kerala CCIT-Thiruvananthpuram, DGIT (Inv.)- Kochi	Kochi
13.	Pr. CCIT, West Bengal & Sikkim CCIT-1 Kolkata, CCIT-2 Kolkata, CCIT-3 Kolkata, CCIT-4 Kolkata, CCIT-5 Kolkata, CCIT-6 Kolkata, CCIT-TDS, DGIT(Inv.)-Kolkata	Kolkata
14.	Pr. CCIT, UP (East) CCIT-Allahabad, CCIT-Bareilly, DGIT(Inv.)-Lucknow	Lucknow
15.	Pr. CCIT, Mumbai CCIT(1 to 11) Mumbai, CCIT-TDS, CCIT-Central-1, CCIT-Central-2, DGIT (Inv.)-Mumbai CCIT(International Taxation)-Mumbai	Mumbai
16.	Pr. CCIT, Nagpur; DGIT(NADT), Nagpur	Nagpur
17.	Pr. CCIT, Bihar & Jharkhand CCIT Ranchi, DGIT(Inv.)-Patna	Patna
18.	Pr. CCIT, Pune CCIT Pune, CCIT Thane, CCIT Nashik, DGIT (Inv.)- Pune	Pune