



ALL INDIA CENTRAL GOVERNMENT PENSIONERS ASSOCIATION H. Q., PUNE

Phadake Sankul, 1785, Sadashiv Peth, Pune - 411030. Tel: 020 - 24473757 / 24493757
(Registered Society Maharashtra No. MAH - 0938 : Public Trust Certificate No. F - 753 Pune)
(Identified Pensioners Association by DOP & PW, New Delhi & Standing Member of SCOVA)
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Shri W. S. Bhome

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Shri G. N. Kulkarni

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Auditor

M/s Gokhale & Gokhale
(Chartered Accountant.)

No. AICGPA/CBDT/ITAT Chandigarh/ 205 Dated 25th July, 2025

To

Shri Ravi Agrawal,
Chairman,
Central Board of Direct Taxes,
Ministry of Finance, North Block,
New Delhi-110001.

Sub: Issue A CIRCULAR based on the order of ITAT Chandigarh Bench allowing the refund the excess TDS recovered from the BSNL VRS retirees by BSNL and paid to the Income Tax department.

Respected Sir,

We AICGPA, HQ ,Pune, Identified Pensioners Association by DOP&PW, and SCOVA Standing Group member would like to draw your kind attention towards the order of Income Tax Appellate Tribunal, Division Bench, 'SMC' Chandigarh dated 30.05.2025 in the case of Shri Harish Kumar, a BSNL VRS 2019 retiree vs The ITO, Ward 5(5), Chandigarh. (A copy the order is attached herewith for ready reference), wherein it has been ruled that "when the claim of the Assesses relating to the first installment has been accepted by the Ld. CIT(A), there was no question to reject the claim of the Assessee in relation to second installment of compensation received by the Assessee".

Earlier too, several IT tribunals/courts had held that an assessee retired under a VRS scheme is entitled to the exemption under Section 10(10C) of the Act and also rebate under Section 89 of the Act in respect of the amount received in excess of Rs. 5,00,000 on account of voluntary retirement. But BSNL authorities refused to allow the rebate under Section 89 of the IT Act and recovered TDS for the entire ex-gratia less the relief of Rs.5,00,000.

In similar facts and circumstances [vide order dated 11.3.2019 passed in ITA No.870/Chd/2018 & Others titled as 'Sh. Rajeshwar Sharma & Others Vs. ITO',] the Tribunal observed that The amount paid as a Compensation for retrenchment of services taking into consideration the length of service, basic salary, the age and other factors. In our view the said amount is a compensation paid by the employer, while terminating the services of the employee on account of loss of job and further subsistence, thus, the said a amount was just a capital receipt in the hands of the Assessee. In fact, no part

[Signature]

of amount received by the Assessee is taxable. We, therefore, allow the appeal of the Assessee and delete the disallowance and consequent additions made by the Assessing officer in this respect. We further hold that the Assessee is entitled to claim refund / adjustment of the tax paid in respect of the aforesaid compensation received, if so, claimed by the Assessee.

Now, Since the specific order in respect of a BSNL VRS 2019 retiree has been passed by the Income Tax Appellate Tribunal Division Bench, 'SMC' Chandigarh, All the similarly placed BSNL retirees who received the ex-gratia in installments in two different years will start submitting requests, claiming the rebate under Section 89 of the Act, as per ITAT Chandigarh Bench order.

Sir, We, therefore request you to arrange to issue a CIRCULAR based on the order of ITAT, Division Bench, 'SMC' Chandigarh and allow the Assessee to claim /adjustment of Tax paid on Ex-gratia recovered from the BSNL VRS retirees by BSNL and paid to the Income Tax department. So that Assessing Officer will consider such claims received.

Thanking you, With kind regards,
Encl: ITAT order

Copy to:
Shri V. Srinivas, Secretary (Pension),
Department of Pension & Pensioners Welfare,
New Delhi-110001.

Yours Sincerely,


H. F. Chaudhari
General Secretary
All India Central Govt.
Pensioners Association-HQ Pune