

DGM(FINANCE)/I.F.A.
केरल परिमंडल KERALA CIRCLE
दूर संचार भवन, पी.एम.जी.जंक्शन
Door Sanchar Bhawan, PMG Junction
तिरुवनंतपुरम Thiruvananthapuram-695033
टेलीफोन Telephone 2303600



भारत संचार निगम लिमिटेड
(भारत सरकार का उपक्रम)
BHARAT SANCHAR NIGAM LIMITED
(A Govt. of India Enterprise)

No. ERP-EC2 PB/4-5/Union matters/2016-17/78

Dated the 23rd Feb'2021

To,

Shri N. Sairaj,
Asstt. Director of Income Tax
CPC, Post Bag no.2
Electronic City P.O.
BANGALORE – 560 500

Sub: Taxation on leave encashment – Notice issued by Sales Tax Department – reg.

Sir,

It is brought to your kind attention that the notice being served to retired employees of BSNL to remit Tax for the leave encashment paid to them As per BSNL Corporate Office order no. 1001-04/2011-12/Taxation/BSNL/LE/196 dated 04.05.2012(copy enclosed), it is categorically clarified that:-

- 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.
- If the leave 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.

The income tax is computed by BSNL after considering the guidelines contained in the above mentioned Corporate Office letter and Form-16 issued to all retired employees accordingly. The retired employees will be in big trouble, since the decision taken in this aspect will result in refund of pensionary benefits as Income Tax. A sample Form-16 issued by this office to retired employees is also enclosed.

It is therefore requested to re-examine the case and favourable orders issued in this connection at the earliest.

Expecting for a favourable reply.

Encl: As above

Thanking you,

Yours faithfully,

IFA/Dy. General Manager(Finance)
O/o the CGMT, BSNL, Trivandrum-33

Copy to:-

1. The Commissioner of IT, Aayakar Bhawan, Kowdiar P.O., TVM – 695003.
2. The Circle Secy., BSNLEU, P&T House, Trivandrum – 695 001