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BHARAT PENSIONERS' SAMAJ

ESTABLISHED IN : 1955

(All India Federation of Pensioners' Associations)
(Registered No. 2023 of 1962-63)

Member International Federation on Ageing. Montreal (Canada)

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No:BPS/BDPA(I)/VRS/IT/Chandigarh/2026

Dated 27rd January, 2026

To: Hon'ble Smt. Nirmala Sitharaman.
Finance Minister, Ministry of Finance,
Department of Expenditure, Room No. 76,
New Delhi - 110001
011-23092604 – email: fmo@nic.in

Sub: A request to issue general instruction based upon ITAT Chandigarh Order dated 30.05.2025 for **Income Tax Exemption on Ex-Gratia received by all BSNL VRS 2019 Retirees**. It has decided that "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 amount was just a capital receipt in the hands of the assessee. In fact, no part of amount received by the assessee is taxable."

Ref: The Commissioner of Income Tax, Ranchi order in Tax Appeal ADDL/JCIT (A) RANCHI – Order No: ITBA/APL/S/250/2025-26/1084749838(1).

Honoured Madam Sir,

1. Before initiating request on the subject matter, we would like to state that your ministry is fully aware of the fact the BSNL (100% PSU of Govt. of India) – was incurring huge fiscal loss and the regular salary of the working employees was resultantly/inordinately delayed for months to gather. As such, the situation was reviewed by the Cabinet considering it as serious, and had taken a **drastic step to retrench more than one lack employee**. As interim measure to come out of the precarious position of the company, it had offered a scheme known as BSNLVRS-2019 and more than 78,569 to 78,323 based on reports) accepted the Voluntary Retirement Scheme (VRS) 2019. The scheme, which aimed to reduce the company's workforce, had an effective retirement date of January 31, 2020, and was part of a larger restructuring plan. The Govt. had also sanctioned funds for the implementation of the scheme.
2. As per the terms and condition of the scheme all the VRS-Retirees were paid Ex-Gratia payment and in turn all had filed their I.T. Return for the year 2021-22 and therefore they claimed the exemption from I.T. as per the normal rules of retrenchment but all of them were denied the said benefit by Income Tax Authorities.
3. Aggrieved by such decision of the I.T. Department, an appeal was preferred by one of such affected optee Harish Kumar, Chandigarh before Shri Sanjay Garg, Judicial Member, In the Income Tax Appellate Tribunal, Division Bench, 'SMC', Chandigarh, vide ITA


No.42/CHD/2025 and it was decided by the Appellate Authority on 30.05.2025 and considering the exemption of Ex-Gracia amount for I.T. Exemption. (Copy enclosed for ready Reference).

4. **Based upon the said judgment**, Varaprasad Maheswaram, VRS-2019 Retiree, Hyderabad had filed appeal for similar benefit. Drawing attention of the Chairman, CBDT to the Income Tax Appellate Tribunal Division Bench, 'SMC' Chandigarh order dated 30.05.2025 in Harish Kumar, a BSNL VRS 2019 retiree vs The ITO, Ward 5(5), Chandigarh, wherein it has been ruled that “*When the claim of the Assessee relating to the first instalment has been accepted by the Ld. CIT(A), there was no question to reject the claim of the Assessee in relation to second instalment of compensation received by the Assessee*”, and the Assessing Officer is directed to grant full exemption for the ex-gratia compensation of Rs. 11,03,160 under Section 10 and process the consequential refund on 13.01.2026. (Copy enclosed).
5. Now, the situation has become very tragic and rather agonistic as all similarly placed retirees are compelled to go through the similar process and get justice spending their hard-earned pension in these days of financial hardships. The process will also consume time and energy of the I.T. Department as all appellants’ will appeal for similar justice.
6. As the issue is now decided that “In so far as the ex-gratia compensation given by the BSNL for its VRS-19, retirees is treated as retrenchment compensation for the purpose of Income Tax, this Association would like to request the MOF to kindly issue general orders to all Income Tax Officers to extend the exemption of ex-gratia payment made to BSNL VRS 19 retirees, instead of expecting appeal from each and every individuals assesses by giving revised ITR excluding the ex-gratia received from BSNL from the total income for the purpose of refund.”

In light of the above facts,
And with the aim to save the time & energy
Of Income Tax Officers
And to help the pensioners...

We respectfully with folded hands request your august office to kindly issue necessary instructions to all concern to accept the exemption claimed by the all such BSNL VRS-2019 Optees and grant them eligible refund at the earliest.

Yours Sincerely,


(D.D. MISTRY)
Secretary BSNL/PSU
Bharat Pensioner Samaj.

Encl: 2

Copy to:

1. Shri. Ravi Agarwal, Chairman, Central Board of Direct Taxes (CBDT), North Block, New Delhi-110001, chairmancbd@nic.in
2. Hon'ble Shri Narendrabhai Modi, Prime Minister of India, New Delhi.
3. Shri Avinash Rajput, SG Bharat Pensioner Samaj, New Delhi.