



ALL INDIA BSNL PENSIONERS' WELFARE ASSOCIATION

Central Head Quarters [Regd. No. T 1833/09]
Identified & Registered under 'Pensioners Portal'

Advisor:	P S Ramankutty	Mob:	9447551555
President:	D Gopalakrishnan	Mob:	9444010621
General Secretary:	V Vara Prasad	Mob:	9440000482

18-09-2025

To
The Chairman,
Central Board of Direct Taxes (CBDT),
North Block,
New Delhi – 110001.

Subject: Request for extension of ITAT Chandigarh ruling on BSNL VRS–2019 Compensation u/s 10(10B) to all retirees without compelling individual litigation.

Respected Sir,

We wish to bring to your kind notice the judgment of the Hon'ble Income Tax Appellate Tribunal, Chandigarh Bench, in *Harish Kumar vs. ITO* (ITA No.42/CHD/2025, order dated 30.05.2025). The Tribunal examined the nature of payments received under the BSNL Retirement Scheme (VRS–2019) and held that, though described as a “Voluntary Retirement Scheme,” it was in substance a retrenchment scheme introduced as part of the Government of India's Cabinet-approved revival package for BSNL and MTNL.

The Tribunal noted that BSNL was running into heavy losses, salaries of employees were not being paid for months, and employees over 50 years of age were unable to cope with new technology. In such circumstances, the scheme, though called “voluntary,” was in reality a retrenchment measure aimed at reducing workforce cost. Accordingly, the compensation paid under this scheme was held to be retrenchment compensation, a capital receipt fully exempt under section 10(10B) of the Income Tax Act.

It was also observed that once the first installment of such compensation had been accepted as exempt by the Commissioner of Income Tax (Appeals), it was not justified to deny the exemption on the second installment arising from the same scheme. The Tribunal further relied upon the judgment of the Hon'ble Madras High Court in the Hindustan Photo Film case and on earlier decisions of the Chandigarh Bench in similar matters, which have attained finality with the dismissal of SLPs by the Hon'ble Supreme Court. Importantly, the Bench recorded that such matters “need not be litigated any further.” It also held that retirees are entitled to claim refund or adjustment of tax already paid in respect of this compensation.

In spite of this settled legal position, thousands of BSNL retirees who opted for VRS–2019 are being denied the benefit of full exemption and are compelled to file individual appeals before appellate forums. This causes severe hardship to aged pensioners, besides burdening the Department with repetitive litigation.

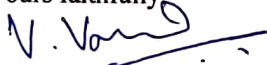
We therefore humbly request CBDT to issue a suitable circular or instruction directing all Assessing Officers and National Faceless Appeal Centre (NFAC),

Delhi [also referred to as 'CIT(A)'] to grant full exemption under section 10(10B) in respect of BSNL VRS-2019 compensation/ex-gratia, without restricting it to ₹5 lakhs, and to extend this benefit suo motu to all similarly placed retirees.

We also request that refunds and adjustments of tax already collected may be facilitated, and that Revenue may desist from pursuing or initiating appeals in identical cases, in view of the Tribunal's observation that no further litigation is required.

Such a measure will bring immediate relief to thousands of senior citizens, reduce unnecessary workload on the Department, and reflect the fairness and compassion with which CBDT has always acted in matters concerning pensioners.

Yours faithfully



(V VARA PRASAD)
General Secretary

Copy to:

Hon'ble Finance Minister, Government of India, New Delhi – for kind information and necessary action.