AI BSNL PWA
Regd. No. T1833/09

ALL INDIA BSNL PENSIONERS' WELFARE ASSOCIATION

CHQ [Regd. No. T 1833/09]

Identified & Registered under 'Pensioners Portal'

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20-11-2025

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

Subject: Request to Issue Common Instructions Granting Exemption u/s 10(10B) on BSNL VRS-2019 Ex-gratia, in View of Consistent ITAT and CIT(A) Orders – Avoiding Unnecessary Individual Litigation

Respected Sir,

In continuation to our letter dated 18-09-2025, on the same subject We wish to bring to your kind notice several consistent judicial decisions—by both the Hon'ble Income Tax Appellate Tribunal as well as the Commissioner of Income Tax (Appeals)—that have conclusively settled the taxability of compensation/ex-gratia received under the BSNL Voluntary Retirement Scheme (VRS-2019).

1. ITAT Chandigarh Order (Harish Kumar vs. ITO – ITA No.42/CHD/2025, dated 30.05.2025)

The Tribunal examined the nature of the BSNL VRS-2019 scheme and held that:

- Although termed a "Voluntary Retirement Scheme," the BSNL-MTNL VRS-2019 was **in substance a retrenchment scheme**, forming part of the Government of India's Cabinet-approved revival package.
- BSNL was suffering severe financial distress—heavy losses, delayed salary payments, and technological obsolescence of employees above 50 years of age—making the scheme practically compulsory from an economic standpoint.
- Accordingly, the ex-gratia paid under the scheme constitutes retrenchment compensation, a capital receipt fully exempt under Section 10(10B).

- The Tribunal explicitly stated that such matters "need not be litigated any further."

2. CIT(A) Ranchi Order – Dated 31.10.2025 (Abdul Salim Yusuf Khan, AY 2021-22)

The Addl./JCIT(A), Ranchi held:

- The BSNL VRS-2019 scheme is approved by the Union Cabinet and therefore squarely falls under Section 10(10B).
- The ex-gratia amount of ₹28,38,964 is fully exempt, and the assessee is entitled to refund of tax already paid, with interest u/s 244A.
- Alternatively, even if not covered under Section 10(10B), the amount is a capital receipt for loss of employment and not taxable under any charging section.

3. CIT(A) Udaipur Order – Dated 31.10.2025 (Davinder Kumar AY 2020-21)

Similarly, the Addl./JCIT(A), Udaipur held the ex-gratia under BSNL VRS-2019 to be exempt u/s 10(10B) .

4. Despite clear decisions by higher authorities, thousands of BSNL VRS-2019 retirees—mostly senior citizens—are still being asked to go through repeated corrections and appeals. This has become a serious hardship, causing stress and difficulty for elderly pensioners who often do not have the digital access, legal help, or physical ability to handle such long procedures.

5. It is requested that, in the interest of senior citizen BSNL VRS-2019 retirees and to avoid unnecessary litigation, CBDT issue one uniform instruction to all Assessing Officers, CPC Bengaluru, and NFAC New Delhi. The instruction may clearly state that the ex-gratia paid under the Cabinet-approved BSNL VRS-2019 scheme is fully exempt under Section 10(10B), without any limits.

6. It may also direct authorities to grant this exemption automatically while processing returns or rectification requests, issue refunds with applicable interest without forcing retirees into appeals, and avoid filing or pursuing further appeals in similar cases.

Thanking You sir,

Yours faithfully,

V. Va

(V VARA PRASAD)

General Secretary