

आयकर अपीलीय अधिकरण, 'सी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH, CHENNAI**

श्री जॉर्ज जॉर्ज के, उपाध्यक्ष एवं सुश्री पद्मावती एस, लेखा सदस्य के समक्ष
**BEFORE SHRI GEORGE GEORGE K, VICE PRESIDENT AND
MS PADMAVATHY S, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA Nos.: **1610 & 1611/CHNY/2026**

निर्धारण वर्ष/Assessment Years: 2020-21 & 2021-22

**Ms. Hemalatha
Govindarajulu,**
26/20, Jayam Villa, G2,
R K Nagar,
3rd Cross Street,
Raja Annamalai Puram,
Chennai – 600 028.

The Income Tax Officer,
Vs. Non-Corporate Ward 4(6),
Chennai

PAN: ABGPH 6612J

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri Ramesh Bhat, Advocate
प्रत्यर्थी की ओर से/Respondent by : Ms. Anitha, Addl.CIT

सुनवाई की तारीख/Date of Hearing : 13.05.2026
घोषणा की तारीख/Date of Pronouncement : 21.05.2026

आदेश/ ORDER

PER GEORGE GEORGE K, VICE PRESIDENT:

These appeals filed by the assessee are directed against two orders of the Add/JCIT(A)-12, Mumbai, both dated 07.03.2026 passed under section 250 of the Income Tax Act, 1961 (hereinafter called 'the Act'). The relevant Assessment Years are 2020-21 & 2021-12.



2. At the very outset, we notice that the First Appellate Authority (FAA) had dismissed the appeals of the assessee in limine without adjudicating the issues on merits. The FAA held that there was a delay of 1582 days / 1542 days in filing the appeals before him and that no reasonable cause had been shown for condoning the same. The Ld.AR for the assessee submitted that the assessee is a senior citizen and a retrenched employee of BSNL. It was submitted that the delay in filing the appeals occurred due to lack of awareness regarding the correct legal position concerning exemption available u/s.10(10B) and 10(10AA) of the Act. The assessee became aware of the availability of exemption u/s.10(10B) of the Act only after the order passed by the Chandigarh Bench of the Tribunal in BSNL VRS cases. However, the FAA was not convinced with the explanation offered by the assessee and observed that even if the contention of the assessee is accepted, there was still a further delay of about 264 days from the date of the said order of the Tribunal. Accordingly, the FAA dismissed the appeals in limine without adjudicating the issues on merits, holding that the assessee had failed to establish sufficient and reasonable cause for condoning the delay in filing the appeals.



4. Aggrieved by the orders of the FAA, the assessee has filed the present appeals before the Tribunal. The Ld.AR submitted that the delay in filing the appeals before the FAA was neither willful nor deliberate, but was on account of ignorance regarding the availability of exemption u/s.10(10B) of the Act and lack of proper legal knowledge. It was further submitted that only after the order passed by the Tribunal in BSNL VRS cases came to the knowledge of the assessee, he became aware of the correct legal position and thereafter immediately took steps to file the appeals before the FAA. The Ld.AR further submitted that the FAA had observed that there was a further lapse of about 264 days even after the pronouncement of the Tribunal order in BSNL VRS cases. In this regard, it was explained that the assessee became aware of the said decision only when it was subsequently circulated and shared in the employees' WhatsApp group. Therefore, it was contended that the delay occurred due to bona fide reasons and not on account of any deliberate inaction or negligence. Accordingly, the Ld.AR prayed that the delay in filing the appeals before the FAA may be condoned and the matters may be restored for adjudication on merits.

5. The Ld.DR supported the orders of the FAA.



6. We have heard the rival submissions and perused the material available on record. The FAA had dismissed the appeals in limine without adjudicating the issues on merits by refusing to condone the delay of 1582 days / 1542 days in filing the appeals before him. We find merit in the explanation offered by the assessee for the belated filing of the appeals. The assessee is a senior citizen and a retrenched employee of BSNL, who was not aware of the correct legal position regarding availability of exemption u/s.10(10B) of the Act in respect of VRS compensation received. The Ld.AR submitted that the assessee became aware of the legal remedy only after the orders passed by the Tribunal in BSNL VRS cases were circulated among employees through WhatsApp groups. Immediately thereafter, the assessee took steps to file the appeals before the FAA. In our considered view, the explanation offered by the assessee constitutes sufficient and reasonable cause for the delay in filing the appeals. Merely because there was some further lapse of time from the date of the Tribunal order till the filing of the appeals, the same cannot be a ground to deny substantial justice, especially when the assessee has explained that knowledge of the decision itself was acquired subsequently through circulation among employees. Considering the facts and circumstances of the case and in order to advance



substantial justice, we condone the delay of 1582 days / 1542 days in filing the appeals before the FAA.

7. Brief facts of the case are that the assessee is a retrenched employee of BSNL, who had received ex-gratia compensation under the BSNL Voluntary Retirement Scheme (VRS). While filing the returns of income for the assessment years 2020-21 and 2021-22, the assessee, due to lack of clarity regarding the correct legal position, claimed exemption only u/s.10(10C) of the Act to the extent of Rs.5,00,000/- for the assessment year 2020-21 & 2021-22 and offered the balance ex-gratia amount of Rs.5,94,437/- and Rs.24,02,167/- to tax in assessment years 2020-21 and 2021-22 respectively. The returns of income filed by the assessee were processed by the Centralized Processing Centre (CPC) u/s.143(1) of the Act and the balance ex-gratia compensation was brought to tax. Subsequently, the assessee became aware of various judicial precedents wherein it was held that the ex-gratia compensation received under the BSNL VRS scheme is fully exempt u/s.10(10B) of the Act. Thereafter, the assessee preferred appeals before the First Appellate Authority (FAA) with delay of 1582 days / 1542 days. The FAA dismissed the appeals in limine without condoning the delay.



8. Aggrieved by the orders of the FAA, the assessee has filed the present appeals before the Tribunal. Before us, the Ld.AR has filed detailed written submissions along with the list of CIT(A) orders and Tribunal orders allowing exemption u/s.10(10B) of the Act for BSNL Employees and paper-book consisting of the 288 pages enclosing therein the statement of facts, income tax return filed, BSNL VRS-2019 scheme approved by the Union Cabinet and various case laws relied on. The Ld.AR has placed on record the legal and factual basis in support of the claim for exemption u/s.10(10B) of the Act in respect of ex-gratia compensation received under the BSNL VRS-2019 scheme. It was submitted that the assessee is a retired employee of BSNL and had received compensation pursuant to the BSNL VRS-2019 scheme. The Ld.AR submitted that the BSNL VRS-2019 scheme was approved by the Union Cabinet on 23.10.2019 and the compensation payable under the scheme was funded out of budgetary support provided by the Government of India. In support of the said contention, reliance was placed on the Cabinet approval dated 23.10.2019, the BSNL Circular dated 04.11.2019 and the Department of Telecommunications (DoT) revival package documents placed in the paper book. Therefore, it was contended that the BSNL VRS-2019 scheme is not merely a voluntary retirement scheme in the ordinary sense, but a Central Government-approved



retrenchment scheme qualifying for exemption u/s.10(10B) of the Act.

9. The Ld.AR further submitted that identical issue had been considered by the Chandigarh Bench of the Tribunal in the case of Harish Kumar vs. ITO in ITA No.42/CHD/2025 dated 30.05.2025, wherein it was held that compensation received under BSNL VRS-2019 is eligible for exemption u/s.10(10B) of the Act. The Ld.AR also brought to our notice that various appellate authorities across the country have accepted identical claims and granted exemption u/s.10(10B) of the Act in respect of the entire ex-gratia compensation received under the BSNL VRS Scheme, including orders passed by the ADDL/JCIT(A)-12, Mumbai in the case of Sri Kanayi Sugunan dated 30.03.2026, ADDL/JCIT(A)-1, Coimbatore in the case of Sri Gurbachan Singh dated 13.02.2026, ADDL/JCIT(A)-10, Mumbai in the case of Smt. Sivakumar Gowri dated 06.03.2026 and ADDL/JCIT(A), Panchkula in the case of Smt. Aruna Chetia dated 13.03.2026. It was submitted that in all these cases, the appellate authorities have held that the compensation received under BSNL VRS-2019 is in the nature of retrenchment compensation eligible for exemption u/s.10(10B) of the Act and have also allowed consequential relief in respect of leave encashment u/s.10(10AA) of



the Act. Therefore, it was argued that the revenue cannot take inconsistent stand towards the impugned receipts under the same scheme in the hands of different assessees.

10. The Ld.AR further submitted that several similar claims have been allowed by different appellate authorities and Co-ordinate Benches of the Tribunal and copies of such orders were furnished in the form of annexures forming part of the paper book. Accordingly, it was contended that the ex-gratia compensation received by the assessee under the BSNL VRS-2019 scheme is fully exempt u/s.10(10B) of the Act.

10. The Ld.DR supported the order of the AO.

11. We have heard the rival submissions and perused the material available on record, including the written submissions filed by the assessee and the judicial precedents relied upon. The short issue involved in the present appeals is whether the ex-gratia compensation received by the assessee under the BSNL VRS-2019 scheme is eligible for exemption u/s.10(10B) of the Act. From the materials placed before us, it is evident that the BSNL VRS-2019 scheme was formulated pursuant to the revival package approved by



the Government of India and the Union Cabinet on 23.10.2019. It is further borne out from the records that the compensation payable under the scheme was funded through Government budgetary support. During the course of hearing, the assessee present submitted that though the nomenclature is mentioned as VRS, it is in effect a retrenchment scheme, since BSNL could not pay salary to employees just before rolling out the scheme. Therefore, the scheme partakes the character of a Government-approved retrenchment compensation scheme and cannot be treated as an ordinary voluntary retirement scheme simpliciter.

12. We further find that identical issue had come up for consideration before the Chandigarh Bench of the Tribunal in the case of Harish Kumar vs. ITO, wherein the Tribunal held that the ex-gratia compensation received under BSNL VRS-2019 is eligible for exemption u/s.10(10B) of the Act. Similar view has also been consistently taken by various appellate authorities across the country in the cases relied upon by the assessee. The Revenue has not brought on record any contrary judicial precedent to take a different view in the matter.



13. Considering the facts and circumstances of the case and respectfully following the judicial precedents cited supra, we hold that the ex-gratia compensation received by the assessee under the BSNL VRS-2019 scheme is eligible for exemption u/s.10(10B) of the Act. Consequently, the additions made by taxing the ex-gratia compensation are directed to be deleted. The AO is also directed to grant consequential relief, in accordance with law, in respect of exemption claimed u/s.10(10AA) of the Act, if otherwise found eligible.

14. In the result, the appeals filed by the assessee are allowed.

Order pronounced in the open court on 21st May,2026 at Chennai.

Sd/-

(पद्मावती एस)

(PADMAVATHY S)

लेखा सदस्य/ACCOUNTANT MEMBER

Sd/-

(जॉर्ज जॉर्ज के)

(GEORGE GEORGE K)

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 21st May, 2026

RSR, Sr.PS

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त /CIT, Chennai
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF.

By Order