



# MTNL EXECUTIVES' ASSOCIATION

Central Headquarters, New Delhi

(Registered under the Trade Union Act 1926, reg no-ALC/Karyasan-17/9715)

[Affiliated to National Confederation of Officers' Associations (NCOA)]

**P.N.VASANE**

President

website-www.meachq.in

**V.K.TOMAR**

General Secretary MEA  
Secretary General NCOA  
President AIPCOC

Ref. No.: MEA/CHQ/ *Income tax department*

DATE : *25-02-2021*

To

1. **TDS Centralized Processing Centre/1/21,**  
Aaykar Bhawan, Sector3, Vaishali,  
Ghaziabad, UP-201010
2. **TDS Centralised Processing Centre,**  
Post Office Bag No. 2,  
Electronic City PO, Bengaluru 560500

Dear sir,

Sub: Unwarranted demand notice issue under section 154 of ITR Act 1961- in complete contravention of the rules regulating tax deductions regarding leave encashment for MTNL retired employees absorbed from DoT in the year 2000 and fully covered by 1972 CCS Pension Rules.

Surprisingly many of the persons retired from MTNL after taking absorption from DOT in the year 2000 are issued with demand notices under section 154 of ITR Act 1961 for AY 2018-19 and 2019-20. These specific provisions do not at all apply to them since they are fully safeguarded and covered by 1972 CCS Pension Rules, exactly like Central Govt. Employees. This uncalled for action of the concerned IT officials has unnecessarily and unlawfully plunged retired employees of MTNL absorbed from DOT into mental agony and distress for no reason whatsoever.

Before formation of BSNL, Department of Telecom (DOT) got note from the Union Cabinet approved on 25/9/2000 and para 4.4 of the said Cabinet decision dealing with issues like pension, gratuity, leave encashment etc, a clause at point V of the said para clearly states " facility to carry forward EL & HPL would be provided".

Further, point (VI) of the said para states " The pension framework and other connected issues are part and parcel of 1972 CCS pension rules by suitably amending Rule 37 using powers under Article 309 of the constitution of India, thus bringing into existence Rule37A for BSNL pensioners, akin to Rule 37 A". Gazette notification regarding this decision of the Union Cabinet has been issued by the Department of pension and Pension welfare on 30/9/2000 by amending Rule 37 of 1972 CCS pension Rules".

Section 10(AA) of ITR (i) fully exempts leave encashment from tax for the leave earned during the Service in Government(DOT) and Section 10(AA)(ii) exempts upto Rs 3lakhs of leave encashment for the leave earned in PSU.

Taking these legitimate tax provisions into account, MTNL Management granted exemption on leave earned in DOT and MTNL strictly in accordance with prevailing Rules. Accordingly,

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**Correspondence Add-** Room No-555 Kidwai Bhawan, Janpath New Delhi-110001,

**Mob-** 9868133336, **Off-** 01123314320, **fax-** 01123311830

**Email—** gsmtnlea@yahoo.com, vinodtomar63@gmail.com

TDS was effected by the respective AOs and paid to IT department in accordance with the relevant rules on the subject.

It is extremely pertinent to mention that these provisions have been upheld by the Income Tax Appellate Tribunal SMC Bench, Mumbai, on 05.02.2019.

In view of the above said facts, based on the decision of the Union cabinet and its endorsement by the concerned Ministry of department of pension and pension welfare, we request you to immediately stop sending these unwarranted notices and also treat as closed the notices already sent to a large number of retirees. We are confident of a very swift action in the matter to ensure that retirees are not unnecessarily harassed by issuing such uncalled for notices.

Regards,

Sincerely Yours,



**(V K Tomar)**

**Copy to;**

Sh. P.K.Purwar with the request to take up this issue on highest priority with the concerned IT officials.

Sh S K Gupta, Director/Finance, for immediate necessary action, taking into account the seriousness with which the matter needs to be dealt with.