



**ALL INDIA  
BHARAT SANCHAR NIGAM LIMITED  
EXECUTIVES' ASSOCIATION  
CENTRAL HEADQUARTERS  
NEW DELHI**

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No.AIBSNLEA/CHQ/CMD/2012

Date 17.01.2012

**To**  
**Shri R K Upadhyay**  
**Chairman cum Managing Director**  
**BSNL**  
**NEW DELHI-110001**

**Sub: Increase of monetary limit of leave encashment of BSNL for the purpose of Income Tax-Reg.**

**Ref: AIBSNLEA/CHQ/CMD/2011 DATED 11.05.2011**

Respected Sir,

In continuation of our letter dated 30.09.2010 and 11.05.2011 on the above subject matter, it is to bring to your kind notice that, as per section 10(10AA) of Income Tax entire payment received on account of Earned Leave of the credit of Central or state Government employees whether on superannuation or otherwise including resignation or death of the employee is exempted from Income tax. But as per notification No. SO 553(E) dated 08-06-1988 No. 0043 (F.No.200/200/106/95-IT(A-1) dated 26.03.1996 No.10749(F.No.200/23/98(IT) dated 27.11.1998 and No.123/2002 (F.123/2002 (F.No.200/23/98-IT(A-1) dated 31.05.2002 monetary limit for other employees for the purpose of exemption of Income Tax was fixed Rs.3,00,000/- from 01.04.1998 onwards and the same has not been revised so far.

Most of the employees in BSNL are absorbed from DOT and ITS officers are still working on deemed deputation in BSNL. All DOT employees working in BSNL are getting the full benefit of Income Tax in leave encashment. Hence the BSNL employees feel discrimination while receiving the payment of leave encashment after deduction the Income Tax.

Item No.19 of Central Terms and conditions annexed with letter dated 24.03.2005 says as follows,"The officers will be governed by the Government Leave rules till issue of final allocation order and the Earned Leave and half Pay Leave at their credit shall stand transferred to BSNL/MTNL on the date of absorption as provided for under Sub-rule 24(b) of Rule 37A of CSS (Pension) Rules".

You are therefore, requested to kindly take up the case with Ministry of Finance to exempt entire payment of leave encashment from Income Tax at the time of retirement being BSNL employees are getting pension under Rule 37A.

With kind regards,

Yours sincerely,

-sd-

**(Prahlad Rai)**  
**General Secretary**