



## RETIRED TELECOM OFFICERS' WELFARE ASSOCIATION

Reg No: F-37187 (Mumbai) 2008

Corr.Add: A-402, Gayatri Avenue, 90' Road, Thakur Complex, Kandivali East, Mumbai 400101

Email Address: [rtowamumbai@gmail.com](mailto:rtowamumbai@gmail.com) Website: [rtowambi.in](http://rtowambi.in)

K. JAWAHAR.  
PRESIDENT  
9969596106.

J.S. YADAV.  
GENERAL SECRETARY  
9869041090.

VIRENDRA SINGH.  
JT. GEN. SECRETARY.  
9869271414.

N.V. MAHAJAN  
TREASURER  
9869431615

Corr-25/CBDT/ITax on Ex-Gratia

Dated 18<sup>th</sup> Sep'2025

To

Shri. Ravi Agarwal,  
The Chairman  
Central Board of Direct Taxes (CBDT)  
North Block, New Delhi-110001, [chairmancbdt@nic.in](mailto:chairmancbdt@nic.in)

Subject: Request for extension of ITAT Chandigarh ruling on BSNL VRS-2019 – Applicability of Section 10(10B) exemption to MTNL VRS-2019 retirees, without compelling individual litigation

Respected Sir,

We respectfully draw your kind attention to the judgment of the Hon'ble Income Tax Appellate Tribunal, Chandigarh Bench, in Harish Kumar vs. ITO (ITA No. 42/CHD/2025, order dated 30th May 2025). The Tribunal examined the nature of payments made under the BSNL VRS-2019 scheme and held that, though termed a "voluntary retirement scheme," it was in fact a retrenchment scheme introduced as part of the Government of India's Cabinet-approved revival package for BSNL and MTNL.

The Tribunal observed that:

- BSNL was incurring heavy losses, salaries were unpaid for months, and employees above 50 years of age faced difficulties in coping with new technology. In these circumstances, the so-called voluntary scheme was, in substance, a retrenchment measure aimed at workforce reduction.
- Compensation under the scheme was therefore held to be retrenchment compensation, a capital receipt fully exempt under Section 10(10B) of the Income Tax Act.
- Once the first instalment had been accepted as exempt by the Commissioner of Income Tax (Appeals), denial of exemption on the second instalment was unjustified.
- The Tribunal relied upon the Hon'ble Madras High Court's decision in the Hindustan Photo Films case, as well as earlier Chandigarh Bench rulings which attained finality with the dismissal of SLPs by the Hon'ble Supreme Court. Significantly, the Tribunal recorded that "such matters may not be litigated any further."
- It was also held that retirees are entitled to refund or adjustment of tax already paid on such compensation.

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Sir, the MTNL VRS-2019 scheme is identical to the BSNL VRS-2019 scheme—both were implemented simultaneously, with identical terms and conditions, under the same Cabinet decision. Accordingly, the above ruling of the ITAT Chandigarh Bench is squarely applicable to MTNL VRS-2019 retirees as well.

However, despite this settled legal position, thousands of MTNL VRS-2019 retirees are being denied the benefit of full exemption and compelled to file individual appeals. This not only causes severe hardship to aged pensioners but also unnecessarily burdens the Department with repetitive litigation.

In view of the above, we humbly request CBDT to:

1. Issue a suitable circular/instruction directing all Assessing Officers and the National Faceless Appeal Centre (CIT-A, NFAC Delhi) to grant full exemption under Section 10(10B) in respect of MTNL VRS-2019 compensation/ex-gratia, without restricting it to ₹5 lakhs.
2. Extend this benefit suo motu to all similarly placed MTNL VRS-2019 retirees.
3. Facilitate adjustment/refund of tax already collected in such cases.
4. Instruct revenue authorities to desist from pursuing or initiating appeals in identical matters, in line with the Tribunal's observation that no further litigation is required.

Such a measure will provide immediate relief to thousands of senior citizens, reduce avoidable workload on the Department, and reflect the fairness and compassion with which CBDT has always acted in matters concerning pensioners. A formal letter is attached.

With high regards

Yours faithfully,

(J.S. Yadav)  
General Secretary  
9869041090

Copy Submitted to

1. Hon'ble Finance Minister, Govt of India New Delhi...with a request to intervene in favour of the MTNL Pensioners retired under VRS-2019.

2. Shri. Sanjay Bahadur Member (Income Tax) CBDT... [member.itr.cbdt@incometax.gov.in](mailto:member.itr.cbdt@incometax.gov.in)



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