

3. Further, it has also been observed that Hon'ble ITATs, while allowing appeals of the assessee, have relied upon the decision dated 17.03.2017 (**copy enclosed herewith**) of Hon'ble Madras High Court in the case of *M/s Hindustan Photo Film Workers Welfare Centre (W.P. No.18566 of 2015)*.

However, on perusing this decision dated 17.03.2017 of Hon'ble Madras High Court, it is observed that in the case of *Hindustan Photo Film (HPF)*, the employer (HPF) was the main party to the dispute wherein the employees were contesting not only amount of compensation under the VRS package but also whether it was a severance package or a VRS scheme. It was found by the Hon'ble High Court that it was a case of winding up of the company (*Hindustan Photo Films*), the package offered was a severance of employment and therefore it was held to be a severance package and not VRS package even for the Income Tax purposes.

4. In view of the above, it is seen that the ex-gratia compensation received by employees under BSNL and MTNL VRS-2019 is an amount received on voluntary retirement and shall, therefore, be governed by the provisions of section 10(10C) of the Act. Accordingly, such amount is not covered by the provisions of section 10(10B) of the Act.

4.1 This position of the Department may be brought to the notice of all the officers of your region, including Departmental Representatives & Standing Counsels at Hon'ble Court/Income Tax Appellate Tribunals.

It may also be brought to the notice of the Hon'ble Tribunals and the Hon'ble Courts that the employees had filled the option forms voluntarily to avail the benefits of BSNL and MTNL VRS-2019 and that these schemes were not challenged (as opposed to the case of *Hindustan Photo Films* wherein the employer was main party of dispute before the Hon'ble High Court) by the employees in any Court of law to show that the same were not VRS but retrenchment schemes.

4.2 Further, any condonation application filed by assessee seeking revision of ITRs to claim benefits of BSNL and MTNL VRS-2019 under section 10(10B) r.w.s. 119 of I.T. Act, 1961/section 239 of the I.T. Act, 2025 may accordingly be dealt.

5. This issues with the approval of the Competent Authority.

Encl: As above.

Yours faithfully,

(Hardev Singh)

Under Secretary (ITA-I), CBDT
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