

**All India BSNL Pensioners Welfare Association (Regd.1833/09)**  
**Coordinating Committee of Tamilnadu Circle & Chennai Telephones**  
**3/71, IV Street, Ragava Nagar, Madipakkam, Chennai-600091**

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Date: 14.12.2011

Dear comrades,

Due to the efforts of our organization, we achieved pension revision on IDA Pay for those who retired between 1.10.2000 and 31.12.2006. Most of the pensioners got the arrears ranging from one lakh to 3 lakhs and more. Their basic pension is also nearly doubled and this benefit reflects in every month's pension. Now some pensioners are complaining that Incometax is being deducted and they are seeking the remedy. On this question we give below some answers.

Pension is described in section 60 of the CPC and section 11 of the Pension Act as a periodical allowance. There are three important features of 'pension'. Firstly, pension is a compensation for past service. Secondly, it owes its origin to a past employer-employee or master-servant relationship. Thirdly, it is paid on the basis of earlier relationship of an agreement of service as opposed to an agreement for service. **This relationship terminates only on the death of the concerned employee.**

*Pension received from a former employer is taxable as 'salary'. Hence, the various deductions available on salary income, including relief u/s 89(1) for the arrears of pension received would be granted to pensioners who received their pension from, a nationalized bank, and in other cases their present Drawing & Disbursing officers.*

**Relief u/s 89(1)** is available to an employee when he received salary in advance or in **arrear** or when in one financial year, he receives salary of more than 12 months, or receives 'profit in lieu of salary' covered u/s 17(3). Relief u/s 89(1) is also admissible on family pension, as the same has been allowed by Finance Act 2002 (with retrospective effect from 1.4.96).

Relief can be granted u/s 89(1) w.e.f.1.6.89 at the time of TDS (Tax deduction at Source) by employers in the following conditions:

(1) ***If the employee is a Government Servant.***

(2) ***If the employee is in a PSU, Company, Cooperative, Local Authority, University, Institution or Body.***

The employee may furnish to the DDO or the person responsible for making payment such particulars in Form 10E (As per rule 21AA) which should be duly verified by him. Thereupon the DDO/Person responsible for making payment is required to compute the relief u/s 89(1) on the basis of such particulars and take into account this relief while making tax deduction u/s 192.

## Form 10E

1. Name and address of the employee
  
2. Permanent Account Number
3. Residential status

Particulars of income referred to in rule 21A of the Income tax Rules 1962, during the previous year relevant to assessment year 2011-2012

Salary received in arrears in accordance with the Provisions of sub-rule (2) of rule 21A Rs.

Signature of the employee

### *Verification*

I,..... do hereby declare that what is stated above is true to the best of my knowledge and belief.

Verified today, the .....day of .....

Place:

Date:

Signature of the employee

Year	Income Already recd	Arrears recd	Total Income (2 + 3)	Tax as per column 2	Tax as per Column 4	Difference in tax (6 minus 5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2006-07						
2007-08						
2008-09						
2009-10						
2010-11						
2011-12						

**Incometax Table is given below for the F/Y 2006-07 to 2011-12**

<b>Year</b>	<b>Men</b>		<b>Women</b>		<b>Senior Citizen</b>	
<b>2006-07</b>						
Upto 1 lakh	Nil	Upto 1.35 lakh	Nil	Upto 1.85 lakh	Nil	
1 to 1.5 Lkh	10%	1.35 to 1.5 lakh	10%			
1.5 to 2.5 lakh	20%	1.5 to 2.5 lakh	20%	1.85 to 2.5 lakh	20%	
Above 2.5 lakh	30%	Above 2.5 lakh	30%	Above 2.5 lakh	30%	
<b>2007-08 &amp; 08-09</b>						
Upto 1 lakh	Nil	Upto 1.45 lakh	Nil	Upto 1.95 lakh	Nil	
1 to 1.5 lakh	10%	1.45 to 1.5 lakh	10%			
1.5 to 2.5 lakh	4000+20%	1.5 to 2.5 lakh	500+20%	1.95 to 2.5 lakh	20%	
Above 2.5 lakh	24000+30%	Above 2.5 lakh	20500+30%	Above 2.5 lakh	11000+30%	
<b>2009-10</b>						
Upto 1.6 lakh	Nil	Upto 1.9 lakh	Nil	Upto 2.4 lakh	Nil	
1.6 to 3 lakh	10%	1.9 to 3 lakh	10%	2.4 to 3 lakh	10%	
3 to 5 lakh	14000+20%	3 to 5 lakh	11000+20%	3 to 5 lakh	6000+20%	
	(for above 3 lakh)		(for above 3 lakh)		(for above 3 lakh)	
Above 5 lakh	54000+30%	Above 5 lakh	51000+30%	Above 5 lakh	46000+30%	
	(for above 5 lakh)		(for above 5 lakh)		(for above 5 lakh)	
<b>2010-11</b>						
Upto 1.6 lakh	Nil	Upto 1.9 lakh	Nil	Upto 2.4 lakh	Nil	
1.6 to 5 lakh	10%	1.9 to 5 lakh	10%	2.4 to 5 lakh	10%	
5 to 8 lakh	20%	5 to 8 lakh	20%	5 to 8 lakh	20%	
Above 8 lakh	30%	Above 8 lakh	30%	Above 8 lakh	30%	
<b>2011-12</b>						
Upto 1.8 lakh	Nil	Upto 1.9 lakh	Nil	Upto 2.5 lakh	Nil	
1.8 to 5 lakh	10%	1.9 to 5 lakh	10%	2.5 to 5 lakh	10%	
5 to 8 lakh	20%	5 to 8 lakh	20%	5 to 8 lakh	20%	
Above 8 lakh	30%	Above 8 lakh	30%	Above 8 lakh	30%	

**Pl note that Senior Citizen means above the age of 65 upto 2010-11 and only from 2011-12 above the age of 60 is considered as Senior citizen by the Incometax Department.**

For easy calculation of tax for each year you can go to [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) site and click tax computation.

Yours fraternally,

(D.Gopalakrishnan)  
Secretary.

