



**ALL INDIA  
BHARAT SANCHAR NIGAM LIMITED  
EXECUTIVES' ASSOCIATION**

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No. AIBSNLEA/CHQ/CMD/2014

DATED: 31.03.2014

**To**

**Shri R. K. Upadhyay,**  
Chairman & Managing Director,  
BSNL Board,  
**NEW DELHI-110001**

**Subject:** Recovery of Perquisite Tax in respect of Group "A" Officers of the Government of India working in the BSNL- Regarding

**Respected Sir,**

As instructions have been issued by Taxation Cell of BSNL HQ vide letter number 1001-06/2012/Taxation/BSNL/Sal-IT/Acc Perq. (Pt) dated 27.03.2014 regarding non-recovery of Perquisite Tax for the Financial Year 2013-14 from the Group "A" Officers of the Government of India working in the BSNL & provided with unfurnished accommodation.

In this regard it is intimated that the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes (CBDT) issued a clarification vide circular number F.No. 275/67/2007-IT (B) dtd 28/11/2008 sought by BSNL in respect of levy of tax on accommodation provided to the employees of Government of India working on deemed deputation basis. In the said clarification under item number 3, 4 & 5 clearly spelt that the perquisite tax is applicable to the employees of Central Govt./State Govt. during the period of their deputation in PSU.

Accordingly, the Taxation Cell of BSNL HQ issued instructions referred above was completely in contradiction of the above CBDT order.

The circular issued by the CBDT as cited above was challenged in the Hon'ble Kerla High Court by Surendran V v/s CBDT on 31.01.2009 along with 28 other petitioners. The verdict given by Hon'ble High Court of Kerala was in the favour of CBDT.

Further, the officers association of Federal Bank moved in the Hon'ble Kerla High Court against CBDT order got defeated.

Section 17 of IT act 1961 read with the rule 3 of the IT rule 1962 stipulates that valuation of perquisite of the unfurnished accommodation of all employees are divided into just two categories of employees i.e. Central Govt. & State Govt. Employees and others. Since, Central Govt. Employees (ITS working in BSNL) will be treated at par with other employees of BSNL (absorbed).

In view of above referred letter from taxation cell dated 27.03.2014, it leaves a room of ambiguity that one section of Central Govt. Employees who are on deputation in BSNL are completely debarred from the levy of perquisite Tax whereas other segment of employees which are absorbed in BSNL are liable to pay such tax. Apart from such, BSNL DDOs will face legal consequences from the CBDT by way of not deducting TDS on such perquisites given to Central Govt. Employees.

It is thereafter requested to kindly intervene in the matter and direct taxation cell of BSNL HQ and arrange to resolve issues at the earliest before the end of financial year of 2013-14 to avoid future complications in view of the CBDT OM issued in the year 2009

With kind regards,

**Yours Sincerely**  
**-sd-**  
**(Prahlad Rai)**  
**General Secretary**

**Copy to:**

1. The Director (Finance), BSNL Board, New Delhi – 110001
2. The ED (Finance), BSNL CO, New Delhi – 110001
3. The GM (Taxation), BSNL CO, New Delhi – 110001