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CIRCULAR No.210

No.AT/Tech/228/Vol-IX

Date-20.02.2020

To

1. The Chief Accountant, RBI,Deptt. Of Govt.Bank Accounts
Central office C-7,Second Floor, Bandre-Kurla Complex,
P.B No.8143,Bandre East Mumbai-400051
2. The Director of Treasuries of all States
3. The A.G.Ms, CPPCs of all Public Sector Banks including IDBI
4. The Nodal Officers (ICICI/AXIS/HDFC Bank)
5. The CDA(PD),Belvidere Complex,Audhpath, Meerut Cantt-10
6. The CDA(PD) Chennai
7. Pay & Accounts Officers.....
8. Military and Air Attache, Indian Embassy Kathmandu, Nepal
9. The all D.P.D.Os
10. Director of Accounts.....
11. The Post Master Kathua (J&K)

Sub:-Exemption from Income Tax- Service Element and Disability Element of Disability Pension granted to disabled personnel of Armed Forces who have been invalided out on account of Disability attributable to or aggravated by Military/AF.Navy service.

Ref:-1.Govt. of India, Min. of Finance, Deptt. of Revenue, Central Board of Direct Taxes F.No.

200/51/99-ITA-1 dated 06th May,2000 and dt-02.07.2001 circulated vide this office Circular

No.95 dt- 04.09.2001.

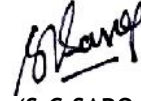
2. Govt. of India, Min. of Finance, Deptt. of Revenue, Central Board of Direct Taxes Circular No.13/2019, F.No.173/250/2019-ITA-I dated 24th June,2019.

Clarification issued on the subject by the Govt. of India, Min. of Finance, Deptt. of Revenue, Central Board of Direct Taxes vide their Circular No. 13/2019, F.No. 173/250/2019-ITA-I dated 24th June,2019 is reproduced for dissemination, guidance and necessary action at the end of all concerned.

(Abhishek Singh)
Dy.Controller(Pensions)

Copy to;

1. Director, Govt. of India, Min. of PPG &P(DP&PW),6th Floor,Nirvachan Sadan,New Delhi.
2. Dy.Secretary, Govt. of India, Min. of Defence,New Delhi.
3. Army HQrs. AG's Br. PAPS4(6),DHQ,PO-New Delhi.
4. Naval HQrs. Dte. Of Suuply, Pension Section,DHQ,PO-New Delhi.
5. Air HQrs. DP &PR,DHQ,PO-New Delhi-11
6. The C.G.D.A,Ulan Batar Road, Palam Delhi Cantt-10
7. Officer In-Charge, Pension Grievance Cell, Ministry of Dfence, New Delhi
8. Dy.Director of Audit(Defence Services) PCDA(P)Campus,Allahabad-14
9. Secretary, Kendriy Sainik Board, Min. of Defence, West Block-IV,Wing-V,New Delhi
10. The Pr. CDA (Navy), Cooperage Road Mumbai
11. The Jt. CDA (AF),Subroto Park,New Delhi
12. Ashray Wing, O/o the C.G.D.A,Ulan Batar Road, Palam Delhi Cantt-10
13. CPDA,Allahabad-14
14. Defence Pension Training Institute(DPTI) Allahabad-14
15. Dy.CDA,IT&S, CPP Wing, O/o the PCDA(P) Allahabad-14
16. PA to PCDA(P) Allahabad
17. PA to all CDAs(P), O/o the PCDA(P) Allahabad-14
18. PA to Addl. CDA(P),O/o the PCDA(P) Allahabad-14
19. PA to all Dy.CDAs(P),O/o the PCDA(P) Allahabad-14
20. All Officers- in-charge,O/o the PCDA(P) Allahabad-14
21. Officer-in-charge, EDP Centre(Local) For uploading the circular on office website
22. Guard File



(S.C.SAROJ)

Sr.Accounts Officer (Pensions)

F. No. 173/250/2019-ITA-1
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

North Block, New Delhi
Dated: 24th June, 2019

Subject: Exemption of service element and disability element of disability pension granted to disabled personnel of armed forces who have been invalided on account of disability attributable to or aggravated by such service—reg.

Under the existing provisions of clause (i) of sub-section 2 of section 297 of the Income-tax Act, 1961 ('Act') any notification issued under sub-section (1) of section 60 or section 60A of the Indian Income-Tax Act, 1922 (now repealed) and in force immediately before the commencement of the Act shall continue to be in force to the extent to which no provision has been made under the Act. Previously, in exercise of powers conferred under section 60 of the Indian Income-Tax Act, 1922, vide Notification no. 878 F dated 21.03.1922, it was ordered at para 19 that "pensions granted to members of His Majesty's naval, military or air forces who have been invalided for naval, military or air force service on account of bodily disability attributable to or aggravated by such service would be exempt from tax under the Indian Income - Tax Act, 1922".

2. In furtherance to the above, instruction 136/1970 dated 14.01.1970 in F.No. 34/3/68 IT(AI) and instruction no. 2/2001 dated 02.07.2001 in F.No. 200/51/99-ITA-1 have been issued to clarify that the entire disability pension, i.e. "disability clement" and "service clement" of a disabled officer of the Indian Armed Forces continues to be exempt from income tax under the Income-tax Act, 1961.

3. Representations have been received, requesting to clarify whether the exemption is applicable only to the disabled officers of Armed Forces or all disabled Armed Forces Personnel (i.e. including officers and Jawans). Representations have also been received to clarify as to whether the Income Tax exemption would be limited to only such disabled Armed Forces Personnel who are invalided out of service due to disability attributable to or aggravated by military service condition or to even those who retire after full service with some disability.

4. The matter has been examined in the The notification no. 878-F dated 21.03.1922, provides income tax exemption to all members of Armed Forces who have been invalided for naval, military or air force service on account of bodily disability attributable to or aggravated by such service. Thus, income-tax exemption under above clause would be available to all armed forces personnel (irrespective of rank) who have been invalided for such service on account of bodily disability attributable to or aggravated by such service.

5. Further, such tax exemption will be available only to armed forces personnel who have been invalided from service on account of bodily disability attributable to or aggravated by such service and not to personnel who have been retired on superannuation or otherwise.

-sd -

(Rajarajeswari R.)

Under Secretary to the Government of India