

No. 40-18/2024-Pen(T)
Government of India
Ministry of Communications
Department of Telecommunications
(Pension Section)

514, Sanchar Bhawan
20, Ashoka Road, New Delhi
Dated: 3rd January, 2025
Feb.,

To,

The CGCA,
MTNL Building, JLN Marg
New Delhi-110002

Subject : Income Tax on gratuity amount above 20 Lakhs reg-

Sir/Madam,

Kindly refer to your office letter No. 2-187/2021-22/BA&IT-Part(1)/918 dated 13.01.2025 on the above mentioned subject matter vide which a clarification as to whether TDS is to be deducted on DCRG amount above Rs. 20 Lakhs or otherwise was sought from this office.

2. In this regard it is stated that as per Section 10 (10) (i) of Income Tax Act-1961, **any death-cum- retirement gratuity received under the revised Pension Rules of the Central Government or, as the case may be, the Central Civil Services (pension) rules, 1972 or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all India services or to the members of the civil services of a state or holders of civil posts under a state or to the employees of a local authority or any payment of retiring gratuity received under the Pension Code or Regulations applicable to the members of the defence services**

shall not be included in computing the total income of the previous year.

From the above mentioned provision of Income Tax Act, it is pretty clear that death cum retirement gratuity received by employee under the CCS(Pension) Rules is completely exempted from the Income Tax.

3. However, it seems a confusion appears due to the Notification dated 08th March, 2019 issued by Ministry of Finance that the Central Government, having regard to the maximum amount of any gratuity payable to employees, hereby specifies twenty lakh rupees as the limit for the purpose of said sub-clause iii of clause 10 of section 10 in relation to the employees who retire or become

incapacitated prior to such retirement or die on or after the 29th Day of March 2018 or whose employment is terminated on or after the said date.

The above notification is related to the sub section 10(iii) of section 10 of Income Tax Act, 1961, which is related to the any other gratuity received by an employee on his retirement or on his becoming incapacitated prior to such retirement or or termination of his employment etc.; but does not cover any death cum retirement gratuity as mentioned in sub section 10 (i) of Section 10 of Income Tax Act, 1961.

For the purpose of Section 10 (10)(iii) of Income Tax Act, 1961, Central Government specifies the limit by a Gazette notification from time to time. The MoF notification dated 08th March 2019 is the result of the same.

4. In view of above, it is clarified that death cum retirement gratuity received under CCS(Pension) Rules in terms of Section 10 (10) (i) of Income Tax Act, 1961 is exempted from the Income Tax or computing total income of the previous year.

5. This issues with the approval of competent authority.

Sridevi Sridhar
03/02/2025

(Sridevi Sridhar)

Section Officer (Pension)

Tel. No. : 011-23036260

Email ID : sridevi.sridhar@nic.in