



P. Abhimanyu
General Secretary

BSNL EMPLOYEES UNION

Central Head Quarters

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Main Recognised Representative Union.

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BSNLEU/408 (BSNL MRS)

20.12.2023

To,

Shri P.K. Purwar
CMD BSNL,
Bharat Sanchar Bhawan,
H.C. Mathur Lane, Janpath,
New Delhi – 110 001

Sir,

Sub: - **Medical Reimbursement should not be treated as perquisite for Income Tax – clarification issued by Principal Chief Commissioner of Income Tax, UP (East) – requesting for implementation in BSNL- req.**

Ref: - **F.No.Pr.CCIT/Tech./Lko/RTI/2019-20/2023-24 dated 27.10.2023.**

We wish to bring the following to your kind notice for favour of necessary action.

Reimbursement of medical expenditure incurred by the employee and also payment of medical allowance for pensioners are being presently treated as perquisite by the BSNL Management. These amounts are being reckoned for the purpose of Income Tax. Under these circumstances, in reply to an RTI query, the Principal Chief Commissioner of Income Tax, UP (East), vide letter cited under reference has clarified beyond doubt that, the sum paid by the employer in respect of any expenditure incurred by the employees on his medical treatment, on treatment of any member of his family, **should not be treated as perquisite and therefore is not taxable**. The relevant portion of the aforementioned letter is quoted below:-

“Sub clause (a) of clause (ii) of the proviso to clause (2) of section 17 of the Income Tax Act, 1961 says that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in any hospital maintained by the government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees; shall not be treated as ‘perquisite’ therefore not taxable under the head ‘salaries’.”

In view of the above letter issued by the Principal Chief Commissioner of Income Tax, UP (East), I request the BSNL Management to exempt Reimbursement of Medical Expenditures / Payment of Medical Allowance, etc., from calculation of Income Tax. Copy of the letter cited under reference is enclosed for your kind perusal.

Thanking you.

Yours sincerely,

(P.Abhimanyu)
General Secretary

Encl: As above.

Copy to: (1) Dr. Kalyan Sagar Nippani, Director (HR), BSNL, Bharat Sanchar Bhawan, Janpath, New Delhi – 110 001
(2) Shri Rajiv Kumar, Director (Finance), BSNL, Bharat Sanchar Bhawan, Janpath, New Delhi – 110001



**OFFICE OF THE
PRINCIPAL CHIEF COMMISSIONER OF INCOME TAX, UP(East)
PRATYAKSH KAR BHAWAN
57, RAM TIRATH MARG, LUCKNOW- 226 001**

F.No.Pr.CCIT/Tech./Lko/RTI/2019-20/2023-24

Dated:27.10.2023

To

✓ The CPIO/Dy. Commissioner of Income Tax (Hq.)(Admn.),
O/o The Pr. Chief Commissioner of Income Tax UP(East),
Lucknow.

Madam,

Subject: Requisition of information under the RTI Act, 2005- reg.

Please refer to your office letter bearing F.N. RTI/FA/Pr. CCIT/Lko/Vol.I/2023-24/3352 dated 19.10.2023 regarding the above mentioned subject vide which copy of order of the First Appellate Authority dated 17.10.2023 and RTI application dated 11.07.2023 filed by Sh. Yaduvesh Chaturvedi was sent to this office.

2. In view of directions issued vide para 6 of the FAA's aforesaid order dated 17.10.2023, the requisite information is as under:

- (i) Sub clause (a) of clause (ii) of the proviso to clause (2) of section 17 of the Income Tax Act, 1961 says that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in any hospital maintained by the Government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees; shall not be treated as 'perquisite' therefore not taxable under the head 'salaries'.

For clarity, proviso to clause (2) of section 17 of the Income Tax Act, 1961 is being reproduced hereunder:

Provided that nothing in this clause shall apply to,—

- (i) the value of any medical treatment provided to an employee or any member of his family in any hospital maintained by the employer;
- (ii) any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family—

(a) in any hospital maintained by the Government or any local authority or any other hospital approved by the Government for the purposes of medical treatment of its employees;

(b) in respect of the prescribed diseases⁸⁵ or ailments, in any hospital approved by the Principal Chief Commissioner or Chief Commissioner having regard to the prescribed guidelines⁸⁶;

Provided that, in a case falling in sub-clause (b), the employee shall attach⁸⁷ with his return of income a certificate from the hospital specifying the disease or ailment for which medical treatment was required and the receipt for the amount paid to the hospital;

- (ii) Further, as concerned with refund process of TDS made, the applicant is required to file the ITR for the relevant assessment year claiming excess tax deducted within due date on e-filing portal declaring true and correct particulars of income and after computing 'Total Income' the refund amount, if any, will be generated after the return is processed.

Yours faithfully,

(N.R.Chakravarty)

Dy. Commissioner of Income Tax (Hq.)(Tech.),
O/o the Pr. Chief Commissioner of Income-tax, Lucknow.