



IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE BENCHES "SMC", PUNE

BEFORE DR.MANISH BORAD, ACCOUNTANT MEMBER

आयकर अपील सं. / ITA Nos.262 and 261/PUN/2026

Assessment Years : 2020-21 and 2021-22

Shraddha Pralhad Arote, C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : ABFPA1514M	Vs.	Income Tax Officer, Ward 2, Ahmednagar
Appellant		Respondent

आयकर अपील सं. / ITA Nos.264 and 263/PUN/2026

Assessment Years : 2020-21 and 2021-22

Vibhavari Sanjay Kulkarni, C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : AKUPK0924B	Vs.	Income Tax Officer, Ward 1(1), Aurangabad
Appellant		Respondent

आयकर अपील सं. / ITA Nos.251 and 330/PUN/2026

Assessment Years : 2020-21 and 2021-22

Sanjay Shripati Patil C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : ABAPP9327N	Vs.	Income Tax Officer, Ward 1(1), Kolhapur
Appellant		Respondent

आयकर अपील सं. / ITA Nos.252 and 253/PUN/2026

Assessment Years : 2020-21 and 2021-22

Rajendra Mallappa Desai, C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : ABGPD4573N	Vs.	Income Tax Officer, Ward 1(1), Kolhapur
Appellant		Respondent

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आयकर अपील सं. / ITA Nos.254 and 256/PUN/2026

Assessment Years : 2020-21 and 2021-22

Gautam Shankar Karnik, C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : ABRPK4969Q	Vs.	Income Tax Officer, Ward 1, Ichalkaranji
Appellant		Respondent

आयकर अपील सं. / ITA Nos.255 and 257/PUN/2026

Assessment Years : 2021-22 and 2020-21

Sanjay Rupaji Shardul C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : ADGPS9880D	Vs.	Income Tax Officer, Ward 2(1), Nashik
Appellant		Respondent

आयकर अपील सं. / ITA Nos.258 and 301/PUN/2026

Assessment Years : 2020-21 and 2021-22

Kakasaheb Bhausahab Patil C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : AATPP3267B	Vs.	Income Tax Officer, Circle-1, Kolhapur
Appellant		Respondent

आयकर अपील सं. / ITA Nos.259 and 260/PUN/2026

Assessment Years : 2020-21 and 2021-22

Rajendra Sitaram Chandode C/o. Padvekar Law Chambers, 408, Maker Bhavan No.3, 21, New Marine Lines, Mumbai – 400 020 Maharashtra PAN : AAQPC2115C	Vs.	Income Tax Officer, Circle-1, Dhule
Appellant		Respondent



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Assessee(s) by	:	Shri Tanzil Padvekar and Shri Gopal Sharma (through virtual)
Revenue by	:	Shri Dayanand Jawalikar (through virtual)
Date of hearing	:	12.03.2026
Date of pronouncement	:	24.03.2026

### **आदेश / ORDER**

The captioned appeals at the instance of respective assessee(s) pertaining to A.Yrs. 2020-21 and 2021-22 are directed against the separate orders framed by Addl/JCIT(A)-5, Chennai/National Faceless Appeal Centre, Delhi arising of respective Intimation orders passed u/s.143(1)(a) of the Act.

2. Since common issues have been raised in the above appeals I proceed to adjudicate these appeals by way of this consolidated order for the sake of convenience.

3. The common issue raised in these bunch of appeals is that whether the amount received from Bharat Sanchar Nigam Limited (BSNL) on account of the forced retirement through the BNSL Voluntary Retirement Scheme, 2019 is in the nature of Retrenchment and is a Capital receipt not liable to be taxed as per the provisions of section 10(10B) of the Act.

4. Brief facts relating to all the assessee(s) in the instant appeals are that they are employed with BSNL which is under administrative control of Department of



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Telecommunications, Govt. of India. In order to revive BSNL, the Union Cabinet in its meeting dated 23.10.2019 approved the revival plan of BSNL and Mahanagar Telephone Nigam Limited, Mumbai (MTNL) vide Office Memorandum dated 29.10.2019 issued by Department of Telecommunications. As part of the revival package the Government decided to reduce the work force through BSNL Voluntary Retirement Scheme, 2019 to the employees of aged 50 years and above and on such retirement Ex-gratia compensation has been paid. The amount so received by the instant employees is stated to have been offered to tax after claiming exemption u/s.10(10C) of the Act Rs.5.00 lakh and have paid the due taxes on the remaining amount of compensation over and above Rs.5.00 lakhs (in cases where such compensation exceeds Rs.5.00 lakhs). Admittedly, in this bunch of appeals the claim that the entire amount of compensation received from BSNL being Capital receipt is not liable to tax as per the provisions of section 10(10B) of the Act has been made for the first time before Id.CIT(A). It is also noticed that in some cases Id.CIT(A) dismissed the appeals on account of delay in filing of the appeals and in some cases Id.CIT(A) has not entertained the new claim made for the first time holding that the same should have been made in the revised return of income. Aggrieved with the finding of Id.CIT(A), the assessee(s) are in appeal before this Tribunal.

5. Ld. Counsel for the assessee at the outset justifying the delay in filing of appeals before Id.CIT(A) submitted that the issue of claiming benefit of exemption u/s.10(10B) of the Act



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for the amount received as compensation from BSNL for the force retirement has been adjudicated by the Coordinate Benches of Chandigarh as well as Ahmedabad and other Tribunals consistently holding in favour of the assessee(s). He also submitted that in various cases dealt by the Coordinates Benches, the alleged claim of exemption u/s.10(10B) of the Act has been made for the first time and the same has been admitted by the Tribunal and relief has been granted. Reliance placed on the decision of Coordinate Bench, Ahmedabad in the case of *Jayesh Kumar Tulsidas Sutaria Vs. ITO (2026) 183 taxmann.com 587 (Ahmedabad-Trib.)*

6. So far as the claim that the alleged sum received in the form of Retrenchment Compensation from BSNL under the forced retirement is a Capital receipt not chargeable to tax and exemption available u/s.10(10B) of the Act has been decided in favour of the assessee(s), ld. Counsel for the assessee placed reliance in the following decisions :

1. *Harish Kumar Vs. ITO (2025) 175 taxmann.com 379 (Chandigarh-Trib.)*
2. *Dayal Singh Vs. ITO – ITA 519/cHD/2024*
3. *Suresh Pal Chauhan vs. ITO (2023) 154 taxmann.com 529 (Chandigarh-Trib.)*
4. *Hindustan Photo Film Workers Welfare Centre Vs. Govt. of India (2017) 79 taxmann.com 298 (Madras)*
5. *CIT (TDS) Vs. Hindustan Photo Film Workers Welfare Centre (2021) 129 taxmann.com 356 (Madras)*
6. *Union of India Vs. M/s. Hindustan Photo Film Workers Welfare Centre and others – Special Leave Petition (Civil) Diary No.37247/2017*
7. *Shree Rajeshwar Sharma Vs. ITO – ITA No.870/CHD/2018*
8. *CIT Vs. Mahalakshmi Textile Mills Ltd.(1967) 66 ITR 710 (SC)*
9. *PCIT Vs. Karnataka State Cooperative Federation Ltd. (2021) 128 taxmann.com 1 (Karnataka)*



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*10. CIT Vs. Pruthvi Brokers & Shareholders (2012) 23  
taxmann.com 23 (Bombay)*

7. On the other hand, ld. DR supported the orders of ld.CIT(A) and submitted that firstly the assess(s) have not made this claim in the regular returns of income and themselves paid due taxes and such claim ought to have been made through revised return. He also submitted that the sum received from BSNL is on account of Voluntary Retirement Scheme and for such amount received under the VRS, 2019, the assessee(s) are only eligible for the exemption to the extent of Rs.5.00 lakh as provided u/s.10(10C) of the Act.

8. I have heard the rival contentions and perused the record placed before me and the decisions relied upon by the ld. Counsel for the assessee. The common grievance in this bunch of appeals is that the Ex-gratia compensation received by the assessee(s) employed with BSNL on account of forced retirement scheme under the Bharat Sanchar Nigam Limited Voluntary Retirement Scheme, 2019 is in the nature of a Retrenchment Compensation and is a Capital receipt not liable to be taxed as provided u/s.10(10B) of the Act and that the assessee(s) erred in claiming the benefit of limit as provided u/s.10(10C) of the Act even though the total amount of alleged Ex-gratia Compensation received is exempt from tax.

9. So far the contention of ld. DR that the assessee(s) have not made any claim of exemption is concerned, I find that in *Jute Corporation of India Ltd. v. CIT (1991), 187 ITR*



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688 (SC) the Hon'ble Supreme Court ruled that appellate authorities (like the AAC) have the jurisdiction to entertain new claims or additional grounds not raised before the Assessing Officer (AO), provided they assist in determining the correct tax liability. The ruling emphasized that the tax authorities are duty-bound to assess only the legitimate tax due, preventing undue enrichment.

10. Before me, Id. Counsel for the assessee has made reference to various orders of Id.CIT(A) u/s.250 of the Act rendered in the case of other assessee(s) [not part of the assessee(s) in appeal before me] where the amount received by the respective employees under the Central Government Voluntary Retirement Scheme announced by the BSNL has been held to be exempt u/s.10(10B) of the Act. For the sake of reference, finding of Id.CIT(A) in the case of another assessee namely Ghanashyam Vitthal Dhond, PAN : ACLPD6107G for A.Y. 2021-22 order dated 12.12.2025 u/s.250 of the Act reads as under :

*"5. Findings and Decision:*

*The appellant was retrenched from BSNL in accordance with scheme announced by Govt. of India for revival of BSNL through budgetary support given by Govt. of India. The appellant claims to have been given ex-gratia compensation of Rs. 19,45,760/-. The Appellant has filed his return of income u/s.139 of the Income-tax Act, 1961 on 18.12.2021 (due date of filing ROI 31.12.2021). The Appellant submits that the return was filed under the guidance of a professional accountant, claiming benefit under Section 10 of the Income Tax Act, 1961. However, during a meeting organized by the SNPWAMH ("the Union") on 1st July, 2025, it was informed that several retired employees, including Appellant, had been given incorrect advice.*

*The appellant now claims that he is eligible for deduction of Rs. 19,45,760/- u/s. 10(10B) and the same be allowed. The appellant*



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*states that he was a Central Government Employee and as per decision of the Government, the management of BSNL announced a scheme titled as BSNL retirement scheme 2019 offering the employee a package for acceptance of early retirement. The appellant has relied on several cases in which it has been held that BSNL is an entity covered under the Industrial Disputes Act. As seen from the grounds of appeal the appellant has relied on the decision of various Benches including Chandigarh Bench in the case of Harish Kumar (ITA No.42/CHD/2025), Rajeshwar Sharma (ITA No. 870/Chd/2018 & Others) (Chandigarh Tribunal), Manda Madhukar Kadhane, Ranchi holding such payments to be retrenchment compensation exempt u/s. 10(10B), similar relief has also been granted in identical BSNL cases by the Ld. C.I.T.(A) Ranchi and C.I.T. (A) Udaipur.*

*The moot question is that whether entire amount received as VRS Compensation is exempted u/s 10(10B) of the Act. The Government of India in its Cabinet meeting dated 23.10.2019 approved the proposals of DOT for revival of BSNL and MTNL vide its Cabinet Note date 22.10.2019. In its Circular Dt. 04.11.2019 the BSNL envisaged a Scheme for effective implementation of VRS and invited options from employees under the scheme for seeking voluntary retirement.*

*I have perused the appellant's submission vis-à-vis his RETURN OF INCOME. The appellant in his RETURN OF INCOME has not claimed any exempt income u/s. 10 of the I. T. Act. The appellant claims that he received Rs. 19,45,760/- as compensation paid by employer while terminating the services of employee on account of loss of job and therefore the same is capital receipt not chargeable to tax under the Act and that the compensation received at the time of VRS is exempt as per the 2nd proviso of Sec. 10(10B) of the I.T. Act.*

*Respectfully following the decision of the Hon'ble ITAT and for the reasons mentioned above, the A.O. is directed to allow compensation received by the appellant at the time of VRS as exempt income u/s 10(10B) of the Act as the retirement of the employees of BSNL under VRS has been treated as retrenchment and the employees of BSNL fall under the Industrial Dispute Act.*

*Further reliance is placed on the decision in ITA No.870/Chd/2018 & Others (Sh. Rajeshwar Sharma & Others v. I.T.O.) wherein Tribunal held that such retrenchment compensation is a capital receipt in the hands of the assessee and not liable to tax.*

*The A.O. is directed to verify Form 16 issued by the employer to check the correct amount of ex-gratia given during the year and grant exemption u/s. 10(10B) on the entire ex-gratia compensation amount. The appellant claims that the ex-gratia amount for A.Y.*



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*2021-22 is Rs. 19,45,760/-. The A.O. may verify the exact amount of exgratia received from FORM 16 of the appellant and exempt the same accordingly u/s. 10(10B) of the I. T. Act.*

*Accordingly, all the grounds of appeal stand Allowed subject to verification.*

*6. In view of the above, the appeal of the appellant is allowed.”*

11. From the above finding of Id.CIT(A) in the case of assessee Ghanashyam Vitthal Dhond [who is not in appeal before me] it has been held that the amount received from BSNL under the forced Voluntary Retirement Scheme 2019 is in the nature of Retrenchment Compensation and not a normal Voluntary Retirement compensation and that employees of BSNL falls under Industrial Disputes Act and therefore exemption u/s.10(10B) of the Act is allowable.

12. In the instant appeals, assessee(s) have claimed exemption u/s.10(10C) of the Act where the exemption for compensation received under the Voluntary Retirement Scheme cannot exceed Rs.5.00 lakh and the said provision reads as under :

*“10(10C) Any sum received (or receivable) by an employee of*

*(i) a public sector company; or*

*(ii) any other company; or*

*(iii) an authority established under a Central, State or Provincial Act: or*

*(iv) a local [authority; or]*

*(v) a co-operative society; or*

*(vi) a University established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a*



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*University under section 3 of the University Grants Commission Act, 1956 (3 of 1956); or*

*(vii) an Indian Institute of Technology within the meaning of clause (g) of section 3 of the Institutes of Technology Act, 1961 (59 of 1961); or*

*[(viiia) any State Government; or]*

*(viiib) the Central Government; or]*

*[(viiic) an institution, having importance throughout India or in any State or States, as the Central Government may, by notification in the Official Gazette, specify in this behalf; or]*

*(viii) such institute of management as the Central Government may, by notification in the Official Gazette, specify in this behalf.]*

*[on his] [voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in sub-clause (1), a scheme of voluntary separation, to the extent such amount does not exceed five lakh rupees]:*

*Provided that the schemes of the said companies or authorities [or societies or Universities or the Institutes referred to in sub-clauses (vii) and (viii), as the case may be, governing the payment of such amount are framed in accordance with such guidelines (including inter alia criteria of economic viability) as may be prescribed" [\*\*\*]:*

*Provided further that where exemption has been allowed to an employee under this clause for any assessment year, no exemption thereunder shall be allowed to him in relation to any other assessment year:]*

*Provided also that where any relief has been allowed to an assessee under section 89 for any assessment year in respect of any amount received or receivable on his voluntary retirement or termination of service or voluntary separation, no exemption under this clause shall be allowed to him in relation to such, or any other, assessment year;].”*

13. Before this Tribunal assessee(s) are claiming that the alleged sum received from BSNL under the Voluntary Retirement Scheme is in the nature of Retrenchment compensation received under standing order or an Award



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which in this case is the revival plan of BSNL approved vide Office Memorandum dated 29.10.2019 and therefore exempt u/s.10(10B) of the Act. For the sake of convenience, provisions of section 10(10B) of the Act is reproduced below :

*“(10B) any compensation received by a workman under the Industrial Disputes Act, 1947 (14 of 1947), or under any other Act or Rules, orders or under any award, contract of service or otherwise, at the orders or notifications issued thereunder or under any standing time of his retrenchment:*

*Provided that the amount exempt under this clause shall not exceed --*

*(i) an amount calculated in accordance with the provisions of clause (b) of section 25F of the Industrial Disputes Act, 1947 (14 of 1947); or*

*(ii) such amount, not being less than fifty thousand rupees, as the Central Government may, by notification in the Official Gazette, specify in this behalf,]*

*whichever is less:*

*Provided further that the preceding proviso shall not apply in respect of any compensation received by a workman in accordance with any may, having regard to need for extending special protection to the workmen in the under. taking to which such scheme applies and other relevant circum-stances, approve in this behalf.]*

*Explanation. For the purposes of this clause-*

*(a) compensation received by a workman at the time of the closing down of the undertaking in which he is employed shall be deemed to be compensation received at the time of his retrenchment;*

*(b) compensation received by a workman, at the time of the transfer (whether by agreement or by operation of law) of the ownership or management of the undertaking in which he is employed from the employer in relation to that undertaking to a new employer, shall be deemed to be compensation received at the time of his retrenchment if-*

*(i) the service of the workman has been interrupted by such transfer; or*



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*(ii) the terms and conditions of service applicable to the work-man after such transfer are in any way less favourable to the workman than those applicable to him immediately before the transfer; or*

*(iii) the new employer is, under the terms of such transfer or otherwise, legally not liable to pay to the workman, in the event of his retrenchment, compensation on the basis that his service has been continuous and has not been interrupted by the transfer;*

*(c) the expressions "employer" and "workman" shall have the same meanings as in the Industrial Disputes Act, 1947 (14 of 1947);]"*

14. So far as the assessee(s) in the instant bunch of appeals are concerned, admittedly they have only claimed the benefit u/s.10(10C) of the Act where the upper limit is Rs.5.00 lakh for the amount received under the Voluntary Retirement Scheme. Thereafter, in case of some of the assessee(s) employed with BSNL they claimed total exemption of the compensation received from BSNL u/s.10(10B) of the Act but the Assessing Officer restricted it to the limit provided u/s.10(10C) of the Act. One of such case was in the case of *Harish Kumar Vs. ITO(2025) 175 taxmann.com 379 (Chandigarh Trib.)* where the assessee opted for BSNL Voluntary Retirement Scheme and received the total emoluments at Rs.30.17 lakhs and claimed exemption u/s.10(10B) of the Act. However, the Assessing Officer disallowed Rs.25.17 lakhs and allowed the benefit of only Rs.5.00 lakh as per section 10(10C) of the Act. Thereafter, the assessee did not succeed before Id.CIT(A) and approached the Coordinate Bench, Chandigarh and the



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Tribunal allowed the claim of exemption u/s.10(10B) of the Act observing as follows :

*“4. I have heard the rival contentions and gone through record. The Ld. counsel for the assessee has demonstrated before me that though, in the nomenclature, the scheme has been mentioned as VRS (Voluntary Retirement Scheme), however, in fact the same retrenchment scheme. The Assessee was an employee of the Bharat Sanchar Nigam Limited (BSNL). The BSNL had incurred losses during the three consecutive years. The salaries of the employees were not paid. The Assessee and other employees were over the age of 50 years and were not conversant with the new technology adopted by the BSNL. The BSNL, therefore, launched Voluntary Retirement Scheme to shed the extra employees. The Ld. counsel in this respect has referred to the revival scheme of the Department of Telecommunications dated 29.12.2019, whereby, the purposes of the scheme was revival of BSNL and MTNL by way of reducing employees cost. Inter-alia, The compensation/exgratia on VRS was to be paid in two installments of 50% each during the financial years 1920-21 and 2020-21.*

*5. In this case, the Assessee received first installment of compensation/exgratia on VRS during the financial year 2019-20 upon which the claim exemption u/s 10(10B) of the Act to the Assessee has been allowed by the Ld. CIT(A) in the appellate order in relation to the assessment year 2020-21. The relevant part of the order of Ld. CIT(A) is reproduced as under*

*“The appellant was employee of Department of Telecom Services. The Government of India in its Cabinet meeting dated 23.10.2019 approved the proposals of DOT for revival of BSNL and MTNL vide its Cabinet Note dated 22.10.2019. In its Circular Dated 04.11.2019 the BSNL envisaged a Scheme for effective implementation of VRS and invited options from employees under the scheme for seeking voluntary retirement. Reliance is also placed by the appellant upon the decision of Hon'ble Madras High Court in the case of M/S Hindustan Photo Film Workers Welfare Centre WP No. 18566 of 2015 dated 17.03.2017. Facts of this case is identical to the case of HTML-TD. Both the entitles were closed in similar situation. Therefore, the provisions of section 10(108) of the Act are clearly attracted in the case of the appellant. 3.10 Further, the decision dated 20.09.2023 of Jurisdictional Hon'ble ITAT Chandigarh A" Bench was also perused wherein several appcals of employees of HTML-TD were taken up. The Hon'ble ITAT opined in para 48 that the matter had been examined by the Hon'ble Madras High Court and thereafter*



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*has attained finality in view of dismissal of the SLP by Hon'ble Supreme Court and also added that "such matters need not be litigated any further". 3.11 Respectfully following the decision of the Jurisdictional Hon'ble ITAT and for the reasons mentioned above, the A.O. is directed to allow compensation received by the appellant at the time of VRS as exempt income u/s 10(108) of the Act. Accordingly, Ground No.1 stands Allowed."*

*7. Copy of ITAT order has been submitted, this decision dated 20.09.2023 Hon'ble ITAT Chandigarh Bench was perused wherein several appeals of employees of HTML TD were taken up. The Hon'ble ITAT opined in Para 48 that the matter had been examined by the Hon'ble Madras High Court and thereafter has attained finality in view of dismissal of the SLP y Hon'ble Supreme Court and also added that "such matters need not be litigated any further"*

*8. Respectfully following the decision of the Jurisdictional Hon'ble ITAT, the A.O is directed to allow compensation received by the appellant at the time of VRS as exempt income u/s 10(10B) of the Act. Accordingly, the only one ground raised by the appellant in this appeal is allowed."*

*6. However, in respect of the 2nd installment of compensation/exemption on VRS the claim of the assessee has been disallowed, which in my view is not justified. When the claim of the Assessee relating to the first installment has been accepted by the Ld. CIT(A). There was no question to reject the claim of the Assessee in relation to second installment of compensation received by the Assessee. Moreover, Ld. counsel for the Assessee had duly demonstrated that the Assessee had not been paid salary for the last so many months and there was no option to the assessee than to accept the VRS scheme which, in fact, was retrenchment scheme in the garb of the VRS scheme. The amount received by the Assessee was, in fact, the compensation on account of retrenchment.*

*7. Faced with some what similar facts and circumstances, the co-ordinate Bench of the Tribunal in the cse of Sh. Sarabjit Singh v. Income Tax Officer ITGA No. 764/Chd/2018, vide order dated 06.04.2019 has held as under :-*

*"We have considered the rival submissions and have also gone through the record. The issue is squarely covered by the decision of the Co-ordinate Chandigarh Bench of the Tribunal the Case of other employees in similar facts and circumstances vide order dated 11.3.2019 passed in ITA No.870/Chd/2018 & Others titled as "Sh.Rajeshwar Sharma & Others v. ITO'. This Tribunal observed as under:*



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*Though in strict terms, it may not be said that the amount received by the assessee was on account of commutation of pension, however, the fact on the file is that the aforesaid amount was given by the new employer who has taken over the company from the earlier employer and he had terminated the services of the employees on account of job retrenchment. The amount was paid as a Compensation for retrenchment of services taking into consideration the length of service, basic salary, the age and other factors. In our view, the said amount is a compensation paid by the employer while terminating the services of the employee on account of loss of job and further subsistence, thus, the said amount was just a capital receipt in the hands of the assessee. In fact, no part of amount received by the assessee is taxable. We, therefore, allow the appeal of the assessee and delete the disallowance and consequent additions made by the Assessing officer in this respect. We further hold that the assessee is entitled to claim refund / adjustment of the tax paid in respect of the aforesaid compensation received, if so, claimed by the assessee.*

*Following the above decision of the Tribunal in the identical facts and circumstances, this appeal of the appellant stands allowed with identical directions."*

*8. In view of the above discussion and following the above decision of the Tribunal, the impugned disallowance made by the lower authorities is ordered to be deleted.*

*In the result, the appeal of the Assessee stands allowed."*

15. Further, I find the Coordinate Bench, Ahmedabad in the case of *Jayeshkumar Tulsidas Sutaria Vs. ITO (supra)* following the decision of Coordinate Bench, Chandigarh in the case of *Harish Kumar vs. ITO Ward- 5(5), Chandigarh - ITA No. 42/CHD/2025 order dated 30.05.2025* has decided the issue in favour of the assessee by observing as under :

*"3. The assessee was employed with Bharat Sanchar Nigam Limited (BSNL), a Government of India enterprise. BSNL notified the Voluntary Retirement Scheme (VRS) 2019 on 04.11.2019,*



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*which was duly approved and implemented by the employer. The assessee opted for the scheme and accordingly received compensation under the VRS, as per the terms laid down by BSNL. It is submitted that the assessee had not been paid regular salary for several months prior to opting for the scheme and was under severe financial and professional uncertainty. In view of these circumstances, the assessee opted for the scheme as a measure of financial security. The compensation received by the assessee was in the nature of compensation under the BSNL VRS-2019 scheme. The compensation amount received under the scheme was offered to tax in the return of income due to lack of awareness regarding the exemption available under section 10(10B) of the Income-tax Act, 1961. The employer had also deducted tax at source on the said amount. No exemption was claimed in the original or revised return of income. The CPC, Bengaluru issued an intimation under section 143(1) for the said year without granting any exemption, and no rectification or appeal was initiated at that time. It was only upon learning about the recent judgment of the Hon'ble ITAT Chandigarh Bench in the case of Harish Kumar vs. ITO Ward 5(5), Chandigarh (ITA No. 42/CHD/2025, dated 30.05.2025) that the assessee became aware that the compensation received under the BSNL VRS-2019 scheme is eligible for exemption under section 10(10B), subject to compliance with Rule 2BA.*

*4. Aggrieved by the orders of the Assessing Officer, the assessee carried the matter in appeal before the Ld.CIT(A), who dismissed the appeal of the assessee as non maintainable by observing as follows:*

*"...In the present case, the delay in filing of the appeal is almost four years which is an inordinate and huge delay. Moreover, as has been elaborately discussed above, the appellant has also failed to provide any reasonable ground that could assist the first appellate authority to draw sufficient cause for the inordinate delay of 1,396 days in filing of this appeal. The inordinate delay in the present case, if condoned, would make the term "Sufficient cause" in section 249(3) of the Income Tax Act, 1961 hollow and meaningless.*

*20. In light of the facts of the case, provisions of the Income Tax Act, 1961 and judicial decisions in the matter as discussed above, I am constrained to conclude that the appellant has failed to submit any reasonable ground for condoning the inordinate delay of 1,396 days i.e almost four years in filing this appeal. Being bereft of any sufficient cause as envisaged in section 249(3) of the Act, the appeal cannot be admitted. Since the appeal is not maintainable, there is no need to adjudicate on the merits therein.*



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*5. Aggrieved by the orders of the Ld.CIT(A), the assessee is in further appeal before us.*

*6. We have gone through the records and considering the merits of the case, we condoned the delay and proceed to adjudicate the issue.*

*7. The Ld. Counsel for the assessee submitted that due to lack of awareness of the legal provisions at the time of filing the return of income, the assessee inadvertently offered the compensation received under BSNL VRS-2019 to tax. Subsequently, based on the decision of the Hon'ble ITAT Chandigarh Bench in Harish Kumar vs. ITO Ward 5(5), Chandigarh (ITA No. 42/CHD/2025 dated 30.05.2025), wherein compensation under the same BSNL VRS-2019 scheme was held to be exempt under section 10(10B), the assessee now seeks exemption of such compensation. We find that the assessee filed the claim before the Ld. CIT(A) and since the income of the assessee is not taxable, the assessee is eligible for the refund of the TDS.*

*8. In the result, both the appeals of the assessee are allowed.”*

16. The contention of ld. DR that only a 'workman' as defined under the Act is eligible for benefit u/s.10(10B) of the Act has no force as the Hon'ble High Court of Madras in the case of *Hindustan Photo Film Workers Welfare Centre vs. Govt. of India (2018) 400 ITR 299 (Madras)* has held that benefit u/s.10(10B) would be applicable to all employees covered by the scheme.

17. In light of the above decisions which are squarely applicable on the facts of instant cases and the consistent view taken by the Coordinate Benches, I am of the considered view that the alleged sum is in the nature of Retrenchment Compensation received by the assessee(s) in appeal, under the forced retirement scheme as per the standing orders dated 29.10.2019 issued by the Union Cabinet for the revival plan of BSNL/MTNL and such



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compensation falls under the provisions of section 10(10B) of the Act and not u/s.10(10C) of the Act and therefore the alleged sum is in the nature of Capital receipt exempt from tax. In order to get relief as has been directed in this order, assessee(s) are directed to place revised computation of income before the respective Jurisdictional Assessing Officers claiming the exemption u/s.10(10B) of the Act as discussed (supra) and thereafter the Revenue authorities shall grant the refund (if any) entitled to the assessee(s) after due verification of such revised computation of income. Impugned findings of Id.CIT(A) are set aside. Common issue raised in the Grounds of appeal raised by respective assessee(s) stands allowed.

18. In the result, all the appeals of the respective assessee(s) are allowed.

Order pronounced on this 24<sup>th</sup> day of March, 2026.

Sd/-  
**(MANISH BORAD)**  
**ACCOUNTANT MEMBER**

पुणे / Pune; दिनांक / Dated : 24<sup>th</sup> March, 2026.  
*Satish*



*ITA No.262 & 261/PUN/2026 and others  
Shraddha Pralhad Arote and others*

**आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The Pr. CIT concerned.
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, “SMC” बेंच,  
पुणे / DR, ITAT, “SMC” Bench, Pune.
5. गार्ड फ़ाइल / Guard File.

आदेशानुसार / BY ORDER,

// True Copy //

Assistant Registrar,  
आयकर अपीलीय अधिकरण, पुणे / ITAT, Pune.]