



# ALL INDIA BANK OFFICERS' CONFEDERATION

(Registered under the Trade Unions Act 1926, Registration No.:3427/Delhi)

State Bank of India Officers' Association

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Letter No: AIBOC/2017/8

Date: 03.04.2017

To,

**Shri Bandaru Dattatreya**

Hon'ble Minister of Labour and Employment

Govt. of India, New Delhi

Respected Sir,

## **AN ARDENT PLEA FOR THE APPROVAL OF THE AMENDMENT OF SECTION 4(3) OF PAYMENT OF GRATUITY ACT, 1972 IN THE ONGOING PARLIAMENT SESSION**

At the outset, we would like to extend our heartfelt greetings and gratitude for your kind and magnanimous recommendation for the amendment of Section 4(3) to the Payment Gratuity Act, 1972 for enhancement of the ceiling of maximum amount from Rs 10 Lakh to Rs 20 Lakh without any liability for tax on the beneficiaries. We also convey our sincere gratitude for recommending the enhancement of the ceiling with retrospective effect i.e. from 1.1.2016, so that the retirees on or after 01.01.2016 are not deprived of the enhanced quantum.

02. Sir, we wish to point out that while the Government employees have already been extended the benefit of revision in Gratuity with effect from 01.01.2016, most of the employees and the officers of the Banks are not covered within the ambit of the Payment of Gratuities Act, 1972. Hence, the amount exceeding Rs 10 Lakh is taxed and causing disparity vis-à-vis the Central Govt. employees. The provision of Tax exemption on Gratuity falls under Section 10 of Income Tax Act, which needs to be amended if the full Gratuity is exempted from Income Tax. For a change in Gratuity provisions i.e. to enhance the Gratuity limit from Rs.10 lakh to Rs.20 lakh and for increasing the Tax exemption from present level of Rs.10 lakh to full Gratuity, both the payment of Gratuity Act and Income Tax Act would have to be amended simultaneously.

03. Sir, we are also aware of the fact that the central trade unions have recently agreed on doubling the gratuity amount ceiling as an interim measure in a tripartite meeting on the proposed amendment to Payment of Gratuity Act convened by your esteemed Ministry. We had also been updated that the Union Cabinet was all set to draft an amendment bill, which would seek to double the ceiling of tax-free gratuity to Rs 20 Lakh under the Act. We are given to understand the bill to amend the Payment of Gratuity Act has been duly considered and approved by the Union Cabinet to get it subsequently passed in the Parliament. The issue of amendment of Gratuity Act has been already delayed, which is causing angst and despondency amongst our retired colleagues. As the age-old legal maxim goes "*Justice delayed is Justice denied*" and hence upholding the true spirit of the maxim, we request your honoured self to kindly take up the amendment of the Payment of Gratuity Act in the ongoing Parliament

Session, to avoid any further delay, for the benefit to all those who are eligible under the Payment of Gratuity Act with effect from 01.01.2016. We are firm in our belief that your authority will definitely view the episode from a pragmatic angle and fulfil our just demand, which will be deeply appreciated by the entire Banking community posted across the nooks and corners of our nation.

04. On behalf of All India Bank Officers' Confederation, I again reiterate our firm commitment to implement, not only the policies of our Banks but also the plans, priorities and perspectives of the Government of India, which we have been successfully doing as in the case of opening of Jandhan Accounts, Mudra Loans, Demonetization exercise etc . We sincerely look forward to a prompt and favourable response from your end.

Thanking you in anticipation.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D. T. Franco', written over a horizontal line.

D. T. Franco