



# ALL INDIA BANK OFFICERS' CONFEDERATION

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

C/o State Bank of India Officers' Association (North-Eastern Circle)

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Circular No. 2025/03

Date: 04.02.2025

## To All Affiliates (Please Circulate)

Dear Comrade,

We are attaching below a communication sent to the Hon'ble Finance Minister, Union of India, content of which is self-explicit.

With revolutionary greetings,

(Rupam Roy)  
General Secretary

Text of Letter No. AIBOC/2025/01 dated 04.02.2025

Smt. Nirmala Sitharaman Ji  
Hon'ble Finance Minister  
Government of India  
New Delhi

Respected Madam,

## APPEAL TO EXEMPT BANK EMPLOYEES FROM PERQUISITE TAX LIABILITY UNDER THE INCOME TAX ACT

We, representing the officers of Public Sector Banks, Private Sector Banks and Regional Rural Banks write to you with great concern regarding the taxation of various perquisites extended to bank employees, such as loans at concessional interest rates, rent-free accommodation incidental to transfers, reimbursement of fuel expenses for official vehicle use, and other fringe benefits essential for discharging our official duties. The provisions under Section 17(2) and Rule 3(7)(i) of the Income Tax Act are causing severe financial distress among bank employees and are perceived as discriminatory compared to other sectors.

Madam, we would like to emphasize that bank employees—the backbone of economic growth—are diligent taxpayers and responsible citizens of this country. Almost all Public Sector Bank officers fall under the 30% income tax bracket, contributing significantly to national revenue. In addition to income tax, we are subjected to GST, professional tax, house tax, water tax, property tax, education cess, toll tax, vehicle tax, etc. It is also pertinent to mention that our expenditure directly fuels economic growth, as our salaries are largely spent within the domestic economy. However, despite our commitment to nation-building, our earnings and benefits are steadily eroding due to unfair taxation policies on account of imposition of the Tax on perquisites.

Madam, it is important to highlight that, until 1979, bank officers' salaries were higher than those of Class I Government Officers due to the inherent risks and responsibilities in banking. Over time, successive Pay Commissions for government officers and restrictive wage settlements in banks have resulted in our salaries falling significantly behind. The wage load toward superannuation has been restricted to 2-3%, reducing our basic pay substantially. Unlike Central Government employees, our benefits have been curtailed despite rising inflation and increasing work pressure. As a result, perquisites have served as partial compensation for our lower salaries. However, with the recent taxation on these perquisites, we feel unfairly penalized.

We also wish to draw your kind attention to similar facilities provided to employees/officers in other sectors that are not subject to tax. For instance, railway employees receive free tickets/passes for themselves and their family members, employees of the telecommunications sector receive free call units or zero meter rent, electricity company employees receive subsidized/free electricity, educational institutions offer free education to employees' children, and the healthcare sector provides medical treatment at reduced costs.

Since we are part of the financial sector, it is only fair that we receive financial products at a lower cost. It is important to note that the cost of any financial product includes delivery costs and risk coverage. In the case of staff loans, the cost of delivery is negligible as they require no publicity or marketing and are fully secured—either by a lien on our superannuation benefits or by insurance. These loans bear no cost of recovery, as repayments are directly deducted from employees' salaries. On one hand, loans are being extended to other sectors at highly concessional interest rates despite the risk of non-repayment, while on the other hand, bank employees are being taxed on concessional loans that are fully secured.

Banks have given numerous high-value loans at interest rates of 5 percent or lower after conducting due diligence and deeming them profitable despite the associated credit risks. Meanwhile, bank employees—who face no risk of default—bear the burden of additional taxation. We have received feedback from grassroots-level employees who feel demoralized by this discriminatory taxation system.

Madam, it is a well-accepted practice across industries to provide job-specific incentives to retain talent and recognize contributions. Any perquisite provided to bank officers/employees is incidental to their job, as they frequently relocate due to the transferable nature of their work. Since the Income Tax Act is currently under review, and several reforms are being implemented under your leadership, we believe that these provisions will also be reconsidered.

In light of the above, we earnestly request an amendment to the definition of "salary" under the Income Tax Act and a revision of Section 17(2) and Rule 3(7)(i) to provide relief to bankers. Bankers have served the nation with utmost dedication—whether during demonetization, COVID-19 relief efforts, or the implementation of government schemes. This unfair taxation not only lowers morale but also discourages new talent from joining the banking sector. We remain hopeful that, under your leadership, justice will prevail and this undue tax burden will be reconsidered.

**With sincere regards,**

**Sd/-**

**(Rupam Roy)**

**General Secretary**