

**IN THE INCOME TAX APPELLATE TRIBUNAL
“SMC” BENCH, AHMEDABAD**

**BEFORE: SHRI SANJAY GARG, JUDICIAL MEMBER
AND
SHRI NARENDRA PRASAD SINHA, ACCOUNTANT MEMBER**

आयकर अपील सं./I.T.A. No. 1145/Ahd/2026
(निर्धारण वर्ष / Assessment Year : 2021-22)

Jashvantbhai Ashabhai Patel 18, Uma Bunglows, B/h. R C Technical College, Ghatlodia, Ahmedabad, Gujarat - 380061	बनाम / Vs.	ITO Ward-7(2)(1), Ahmedabad
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. : AATPP7994D		
(Appellant)	..	(Respondent)

अपीलार्थी ओर से /Appellant by :	Shri Parin Shah, A.R.
प्रत्यर्थी की ओर से/Respondent by :	Smt. Mamta Singh, Sr. DR

Date of Hearing	24/06/2026
Date of Pronouncement	29/06/2026

(आदेश)/ORDER

Per Sanjay Garg, Judicial Member:

The present appeal has been filed by the assessee against the order of the Ld. Commissioner of Income Tax (Appeals)-1, Chennai (hereinafter referred to as “CIT(A)”), dated 10.02.2026 passed under Section 250 of the Income Tax Act, 1961 (hereinafter

referred to as the “Act”) and relates to Assessment Year (A.Y.) 2021-22.

2. The assessee has taken following grounds in this appeal:

- “1. *The order passed by lower authorities is bad in law and required to be quashed.*
2. *Ld. JCIT (A) ought to have treated retrenchment compensation received as tax exempt u/s 10(10B) of the Act.*
3. *Appellant prays that it is duty of AO to tax correct income and accordingly, AO ought to have granted deduction u/s 10(10B) of the Act as appellant is fully eligible for the same.”*

3. The assessee was a salaried employee working with BSNL. The Government introduced a Voluntary Retirement Scheme (VRS), which the assessee opted for and was duly accepted by BSNL. It is submitted that the amount received under the scheme has been disclosed in the return of income, and due tax has been paid, despite the fact that the same was exempt from tax. It is further submitted that the VRS was meant for the retrenchment of senior/old-age employees who were unable to adapt to new technology. Accordingly, the assessee contended that the entire amount of Rs.12,14,116/- received under the scheme was fully exempt from tax under the relevant provisions. 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 order of the Assessing Officer, the assessee carried the matter in appeal before the Ld.CIT(A), who dismissed the appeal of the assessee.

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

6. The Ld. Counsel for the assessee submitted that the amount received by the assessee represented retrenchment compensation received from the Central Government under a scheme approved by the Government. It was submitted that the said amount is fully exempt from tax under section 10(10B) of the Income-tax Act, 1961, and, therefore, the assessee is entitled to full tax exemption. The Ld. Counsel for the assessee further relied upon the following

decisions of Coordinate Benches of the ITAT in support of the claim of exemption.

- “1. ITA No. 42/Chd/2025 AY 2021-22 in the case of Harish Kumar V/s. ITO Chandigarh dated 30.05.2025.
2. ITA Nos.2387 & 2388/Ahd/2025 in the case Jayeshkumar Tulsidas Sutaria dated 17.02.2026
3. ITA No.2389 & 2390/Ahd/2014 in the case of Suman Nandlal Raval dated 18.02.2026

7. We note that the issue under consideration is squarely covered by the above referred decisions of the Co-ordinate benches of this Tribunal. The Co-ordinate Bench of this Tribunal in ITA Nos. 2387 & 2388/Ahd/2025 for AYs 2020-21 & 2021- 22 vide order dated 17.02.2026, has held as under:

“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 by observing as follows:

“... The Appellant was employed with Bharat Sanchar Nigam Limited (BSNL), a Government of India enterprise. BSNL had notified the Voluntary Retirement Scheme (VRS) 2019 on 04.11.2019, which was duly approved and implemented by the employer. The Appellant opted for this scheme and accordingly received compensation under the VRS, as per the terms laid out by BSNL. The compensation amount received under the scheme was offered to tax by the appellant in the return of income due to lack of awareness about the availability of exemption under Section 10(108) of the Income Tax Act, 1961. The employer had also deducted TDS on the said amount. No exemption was claimed in the original or revised return for the year by the appellant. The CPC, Bengaluru issued an intimation u/s 143(1) for the said year without granting any exemption, and no

rectification or appeal was initiated at that time. The issue on this appeal pertains to exemption u/s 10(10B) of the Income Tax Act

The appellant in his written submission has stated that it was only upon learning about the recent judgment of the Hon'ble ITAT Chandigarh, in the case of Harish Kumar vs. ITO Ward 5(5), Chandigarh (ITA No. 42/CHD/2025, dated 30.05.2025), that the Appellant came to know that the compensation received under the BSNL VRS 2019 scheme is eligible for full exemption u/s. 10(10B), subject to Rule 2BA compliance.

The grievance raised in the grounds of appeal does not emanate from the order appealed against. It is not a case where the appellant claimed exemption u/s.10(10B) and it was denied by the Assessing Officer. The appellant having omitted to claim relief in the return of income can claim the relief by filing the revised return. In cases where the time limit for filing the revised return has expired, the appellant may seek condonation of delay from the jurisdiction PCIT and then proceed with filing the revised return. The issue raised in grounds of appeal does not emanate from the order of intimation u/s.143(1), Hence, the appeal is dismissed..."

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

6. 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.

7. In the result, both the appeals of the assessee are allowed."

8. Since, there is no change in the legal proposition and the factual matrix of the case, respectfully following the decision of

the Co-ordinate Bench, the issue raised by the assessee in the present appeal is decided in favour of the assessee. It is held that the assessee is entitled to exemption u/s 10(10B) of the Act upon the amount in question.

9. In the result, the appeal preferred by the assessee is allowed.

This Order pronounced on 29/06/2026

Sd/-
(NARENDRA PRASAD SINHA)
ACCOUNTANT MEMBER

Ahmedabad; Dated 29/06/2026

S. K. SINHA

True Copy

आदेश की प्रतिलिपि अद्येषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त(अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Ahmedabad
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, अहमदाबाद / ITAT, Ahmedabad