

**कार्मिक लाभ प्रभाग / Employee Benefits Division (EBD),
मानव संसाधन विभाग / Human Resources Department, Central Office**

Staff Circular No: 8514

January 8, 2025

To: All Branches/Offices.

**Implication of recent Hon'ble Supreme Court Judgement -
TDS applicability on interest concessional loans (perquisites) to the Bank's staff/Pensioners**

- Attention of branches is invited to information Circular No 06920-2024 dated 13-12-2024 issued by Taxation Cell, Finance and Accounts, Central Office, elaborating the methodology / procedure of TDS applicability on interest free or concessional loans under various schemes to the Banks' staff in view of the recent Judgement of the apex court of India which ruled that the interest-free or concessional loans given by banks to their employees are taxable as perquisites. The court upheld Rule 3 (7) (i) of the Income Tax Rules, 1962 which defines these loans as "fringe benefits" and "perquisites".
- Section 17 (2) and Rule 3 (7) (i) of the Income Tax Rules deals with perquisite on concessional loans and specify method for valuing such perquisite, respectively without limiting to the state of employee-employer relationship. Hence, the concessional rate of interest loans of the pensioners is also liable to be taxed as perquisites.
- In order to comply with the Hon'ble supreme court of India Judgement as aforesaid and the provisions of the Income Tax rules, henceforth, TDS shall be deducted considering the perquisite value on the concessional loans and advances to the pensioners. Union Parivar / DIT is in the process of making necessary modification in the Pension module and monthly Pension slip in Union Parivar, to incorporate the account wise perquisite value in addition to total pension income for arriving the tax projection/liability.
- The perquisite value for FY 2024-25 when added to the pension income of the pensioner will result in the increase in TDS liability. TDS is proposed to be recovered from monthly pension from January-2025 and onwards.
- Branches/Offices are advised to take note of the above information & guide the pensioners accordingly.

Sd/-

(G C Joshi)
General Manager