



E-FILING NO - EF-HCK-2025-013579

BEFORE THE HON'BLE HIGH COURT OF KERALA AT ERNAKULAM

WP(C) No ..... Of Year 2025

87.00 INCOME TAX ACT  
CHALLENGE AGAINST INCOME TAX DEDUCTION.

PETITIONER(S)

1. SREENATH INDUCHOODAN  
AND OTHERS

VS

RESPONDENT(S)

1. UNION OF INDIA  
AND OTHERS

MEMORANDUM OF WRIT PETITION (CIVIL) FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA

FILING NATURE : URGENT

FEES PAID & STATUS - 472 (SUCCESS)

C.F : 300 Under Schedule II Article 11 (l) (iii) of the Kerala Court Fees and Suit valuation Act

SERVED ON

DSG OF INDIA

SHRI.A.S.P.KURUP, SC, UBI

FILED BY

1. KALEESWARAM RAJ
2. THULASI K. RAJ
3. CHINNU MARIA ANTONY
4. APARNA NARAYAN MENON

Sd/-

E-VERIFIED

KALEESWARAM RAJ(K/404/1989)



BEFORE THE HONOURABLE HIGH COURT OF KERALA AT ERNAKULAM

WP(C) No ..... Of Year 2025

PETITIONERS : SREENATH INDUHOODAN AND OTHERS

V/S

RESPONDENTS : UNION OF INDIA AND OTHERS

INDEX

SL Title	Description	Page Nos
1 Synopsis	Synopsis	1-2
2 Statement Of Facts	Memorandum of Writ Petition (Civil).	3-25
3 Affidavit	Affidavit	26
4 Exhibit P1	True copy of the judgment in Civil Appeal No.77008/2014 dated 07.05.2024 passed by the Hon'ble Apex Court.	27-43
5 Exhibit P2	True copy of the circular No.06920 dated 13.12.2024 issued by the Union Bank of India, Deputy General Manager.	44-45
6 Exhibit P3	True copy of the online page downloaded from the official website of State Bank of India.	46-47
7 Exhibit P4	True copy of the communication no. AIUBOF/GS/LET/264/2022-25 dated 16.12.2024.	48-49
8 Exhibit P5	True copy of the Circular No.BCC/BR/109/173 dated 05.04.2017 issued by the General Manager, Bank of Baroda.	50
9 Exhibit P6	True copy of the pay slip of employee of Bank of Baroda as obtained in the official online portal.	51
10 Exhibit P7	True copy of the Circular No. 8515 dated 10.01.2025 issued by the respondent bank.	52-54
11 Exhibit P8	True copy of the letter of sanction dated 21.10.2021 & 12.06.2023 issued to the 2nd petitioner.	55-66
12 Exhibit P9	True copy of the representation dated 27.01.2025 submitted by the 1st petitioner to the respondents.	67-69
13 Exhibit P10	True copy of the representation dated 27.01.2025 submitted by the 2nd petitioner to the respondents.	70-73
14 Exhibit P11	True copy of the representation dated 27.01.2025 submitted by the 3rd petitioner to the respondents.	74-76
15 Exhibit P12	True copy of the representation dated 29.01.2025 submitted by the 1st petitioner.	77-79
16 Vakalatnama	Vakalatnama	80-82

Sd/-

E-VERIFIED

KALEESWARAM RAJ

K/404/1989

BEFORE THE HON'BLE HIGH COURT OF KERALA AT ERNAKULAM  
W.P(C)No. of 2025

Sreenath Induchoodan & others  
v/s  
Union Bank of India & others

: Petitioners

: Respondents

Synopsis

The petitioners are Employees of the Union Bank of India in the offices as shown in the cause title. This writ petition is filed aggrieved by the imposition of tax on perquisites, i.e. excessive tax on concessional rate of interest in the loans availed by bank employees of the respondent bank and seeking absorption of tax liability by the Bank itself, in accordance with practice of other Public Sector banks like the Bank of Baroda and Canara Bank. On 07.05.2024, the Hon'ble Apex Court vide Ext. P1 dismissed the case filed by the All India Bank Officers Confederation. The said case challenged the constitution validity of Section 17(2) (vii) of the Income Tax Act, 1961 and Rule 3 (7) (i) of the Income Tax Rules, 1962. It is pertinent to note that neither the impugned provisions therein nor judgment by the Hon'ble Apex Court contain any specific directions on imposition of tax on the perquisite of bank employees.

However, pursuant to the judgment passed by the Hon'ble Apex Court, the respondent bank based on an erroneous interpretation of the judgment and existing legal framework, decided to impose additional tax liability on the concessional interest rates of loans i.e. perquisites of bank employees. on 13.12.2024, the respondent Union Bank issued Ext. P2 circular choosing to impose tax liability on employees, by deducting the amounts directly from their salaries.

In Ext. P2 the SBI Benchmark rate for perquisite calculation for Financial Year 2024-2025 is taken into consideration. However, the Housing Loan Interest Rate offered to the public as obtained from the State Bank of India official website (Ext. P3) is 8.50%. Therefore, there is an explicit anomaly in the benchmark adopted by Union Bank of India for calculating the tax on concessional rate of interest. Aggrieved by Ext. P2, the All India Union Bank Officers Federation (AIUBOF) sent a letter to the respondent bank requesting for absorption of tax liability akin to the established practice of Bank of Baroda as evident from Exts. P5 and P6. On 10.01.2025, Ext. P7 circular was issued by the respondent bank reiterating Ext. P2 and prescribing the method of calculation of perquisite value. Ext. P7 is also under challenge in this writ petition. To understand the anomaly, in paragraphs 7 and 8 of the statement of facts, an illustration is explained vide Ext. P8 loan availed by the 2nd petitioner. The

repercussions of the implementation of Exts.P2 and P7 are numerous. Stating their grievances, the petitioners preferred Exts. P9 to P12 representations. Without considering the grievances of the petitioners and similarly placed bank employees, as detailed in Exts. P9 to P12 representations, an excessive amount has been deducted as tax on the perquisite value of the concessional rate of interest, resulting in the disbursement of meagre salaries to the petitioners and other bank employees for the month of January 2025. Hence, urgent reliefs are sought in this writ petition.


Points to be urged:

1. Exts.P2 and P7 are under challenge in this writ petition. The said fixation is not based on Section 17 of the Income Tax Act 1961 nor based on Rule 7 of the Income Tax Rules 1962. The fixation of the bench mark rate for the perquisite calculation in such a manner, is also not contemplated in Ext.P1 judgment passed by the Hon'ble Apex Court.
2. By fixation of higher SBI benchmark rate, bank employees who have availed the loans are subjected to excessive financial liability.
3. There is an adverse impact on loan repayments and asset quality.
4. As on the date of availing the loan, the applicable interest rate was 6%, as evidenced by Ext. P8. The bank employees were under the bonafide and legitimate expectation that they will be able to repay the loans.
5. The retrospective imposition of Exts. P2 and P7 on bank employees who had availed loans at a time when tax was not levied on the concessional rate of interest was neither contemplated in Ext. P1 judgment nor explicitly stated in the impugned circulars.

Chronology of events

Dates	Events
13.12.2024	Circular No.06920 issued by the Union Bank of India, Deputy General Manager
27.01.2025	Representations submitted by the petitioners to the respondents

Dated this the 5<sup>th</sup> day of February, 2025.

  
Counsel for the petitioners



**E-FILING NO - EF-HCK-2025-013579**

**BEFORE THE HON'BLE HIGH COURT OF KERALA AT ERNAKULAM**

WP(C) No ..... Of Year 2025

PETITIONER(S)

1. SREENATH INDUHOODAN

AGED 38 YEARS

S/O.J.INDUHOODAN, GENERAL SECRETARY, UNION BANK OFFICERS ASSOCIATION(KERALA STATE)  
REG.NO.TV19457 C/O.REGIONAL OFFICE, UNION BANK OF INDIA, STATUE, TRIVANDRUM-695 001, RESIDING  
AT INDEEVARAM A-37, MARUTHOORKADAVU, KARAMANA P.O. TRIVANDRUM  
, PIN-695002

2. DEEPAK PAROTH

AGED 38 YEARS

S/O.LATE DEVADAS PAROTH, SR MANAGER, UNION BANK OF INDIA, REGIONAL OFFICE, THRISSUR,  
AYYANTHOLE, THRISSUR-680 003, RESIDING AT PAROTH HOUSE, ANJOOR POST, KUNNAMKULAM, THRISSUR  
, PIN -680523

3. SUNNY KURIAN

AGED 52 YEARS

S/O.KURIAN T.M, SR MANAGER, UNION BANK OF INDIA, REGIONAL OFFICE , M.G.ROAD, ERNAKULAM-682  
035, RESIDING AT THEVARKATTIL HOUSE, CHELAD P.O. MILLUMPADY, KOTHAMANGALAM, ERNAKULAM  
, PIN -686681

VS

RESPONDENT(S)

1. UNION OF INDIA

REPRESENTED BY ITS SECRETARY TO GOVERNMENT, MINISTRY OF FINANCE, DEPARTMENT OF FINANCIAL  
SERVICES, 6A 3RD FLOOR, JEEVAN DEEP BUILDING, SANSAD MARG, NEW DELHI  
, PIN-110001

2. THE CENTRAL BOARD OF DIRECT TAXES

REPRESENTED BY SECRETARY, NORTH BLOCK, NEW DELHI

, PIN -110001

3. THE CHIEF COMMISSIONER OF INCOME TAX

AYALAR BHAVAN, NUNGAMBAKKAM, CHENNAI

, PIN -600034

4. UNION BANK OF INDIA

REPRESENTED BY MANAGING DIRECTOR & CEO, 239, CENTRAL OFFICE, VIDHAN BHAVAN MARG, NARIMAN POINT, MUMBAI

, PIN -400021

5. MANAGING DIRECTOR & CEO

UNION BANK OF INDIA, 239, CENTRAL OFFICE, VIDHAN BHAVAN MARG, NARIMAN POINT, MUMBAI

, PIN -400021

6. DEPUTY GENERAL MANAGER

TAXATION CELL, FINANCE AND ACCOUNTS, UNION BANK OF INDIA, 239, CENTRAL OFFICE, VIDHAN BHAVAN MARG, NARIMAN POINT, MUMBAI

, PIN -400021

7. CHIEF GENERAL MANAGER (HR)

HUMAN RESOURCES DEPARTMENT, UNION BANK OF INDIA, 239, CENTRAL OFFICE, VIDHAN BHAVAN MARG, NARIMAN POINT, MUMBAI

, PIN -400021

8. REGIONAL MANAGER

UNION BANK OF INDIA, REGIONAL OFFICE, THIRUVANTHAPURAM MG ROAD, THIRUVANTHAPURAM

, PIN -695001

9. RESERVE BANK OF INDIA

REPRESENTED BY REGIONAL DIRECTOR, RESERVE BANK OF INDIA, NO.6507, BAKERY JCT ROAD, NANDAVANAM, PALAYALAM, THIRUVANANTHAPURAM

, PIN -695033



MEMORANDUM OF WRIT PETITION (CIVIL) FILED UNDER ARTICLE 226 OF THE CONSTITUTION OF INDIA BY  
KALEESWARAM RAJ, THULASI K. RAJ, CHINNU MARIA ANTONY, APARNA NARAYAN MENON  
DHARMA, PEEDIYAKKAL ROAD  
PIN - 682018

MEMORANDUM OF WRIT PETITION(CIVIL) FILED UNDER ARTICLE 226  
OF THE CONSTITUTION OF INDIA.

Address for service of all notices and process to the petitioners is that of their counsel Mr.Kaleeswaram Raj, Ms.Thulasi K.Raj, Ms.Chinnu Maria Antony & Ms.Aparna Narayan Menon, Advocates, Kaleeswaram Raj & Associates, "Dharma", 69/3277A, Peediyakkal Road, Kochi-18 and that of the respondents are as shown above.

STATEMENT OF FACTS

1. The petitioners are Employees of the Union Bank of India in the offices as shown in the cause title. The 1<sup>st</sup> petitioner is the General Secretary of the Union Bank Officers Association (Kerala State). The Union Bank Officers Association (Kerala State) is a registered trade union representing the interests of employees of the bank. The petitioners no.2 and 3 are employees of the bank and members of the Union Bank Officers' Association (Kerala State). This writ petition is filed aggrieved by the imposition of tax on perquisites, i.e. excessive tax on concessional rate of interest in the loans availed by bank employees of the respondent bank and seeking absorption of tax liability by the Bank itself, in accordance with practice of other Public Sector banks like the Bank of Baroda and Canara Bank.
2. It is submitted that on 07.05.2024, the Hon'ble Apex Court had dismissed the case filed by the All India Bank Officers Confederation. The said case challenged the constitution validity of Section 17(2) (vii) of the Income Tax Act, 1961 and Rule 3 (7) (i) of the Income Tax Rules, 1962. It was held by the Hon'ble Apex Court that the impugned provisions were intra vires the Constitution and dismissed the appeals. A true copy of the judgment in

Civil Appeal No.77008/2014 dated 07.05.2024 passed by the Hon'ble Apex Court is produced herewith and marked as **Exhibit P1**. It is pertinent to note that neither the impugned provisions therein nor judgment by the Hon'ble Apex Court contain any specific directions on imposition of tax on the perquisite of bank employees. It was earlier in 2007, that the All India Bank Officers Confederation and its affiliates had filed a petition in the Hon'ble High Court of Madras challenging the taxability of interest-free or concessional loans given to bank employees. When the Hon'ble High Court dismissed the said writ petition, the civil appeal was filed before the Hon'ble Apex Court. The Hon'ble Apex Court upheld the taxation of interest free or concessional loans given to banks to their employees as fringe benefits and perquisites.

3. However, pursuant to the judgment passed by the Hon'ble Apex Court, the respondent bank based on an erroneous interpretation of the judgment and existing legal framework, decided to impose additional tax liability on the concessional interest rates of loans i.e. perquisites of bank employees. It is submitted that, on 13.12.2024, the respondent Union Bank issued a circular choosing to impose tax liability on employees, by deducting the amounts directly from their salaries. A true copy of the circular No.06920 dated 13.12.2024 issued by the Union Bank of India, Deputy General Manager is produced herewith and marked as **Exhibit P2**. Ext.P2 is under challenge in this writ petition. The said fixation is not based on Section 17 of the Income Tax Act 1961 nor based on Rule 7 of the Income Tax Rules 1962. The fixation of the bench mark rate for the perquisite calculation in such a manner, is also not contemplated in Ext.P1 judgment passed by the Hon'ble Apex Court.



4. It is submitted that, in Ext. P2 the SBI Benchmark rate for perquisite calculation for Financial Year 2024-2025 is taken into consideration. The table in Ext. P2 is reproduced below-

Loan Type	SBI Benchmark rate for Perquisite Calculation for FY 2024-25
Housing Loan	9.15%
Vehicle Loan (4-wheeler)	8.85%
Vehicle Loan (2-wheeler)	12.15%
Overdraft (Personal Loan rate)	11.15%
Festival Advance (Personal Loan rate)	11.15%

However, the Housing Loan Interest Rate offered to the public as obtained from the State Bank of India official website is 8.50%. For reference, a true copy of the online page downloaded from the official website of State Bank of India is produced herewith and marked as **Exhibit P3**. Therefore, there is an explicit anomaly in the benchmark adopted by Union Bank of India for calculating the tax on concessional rate of interest.

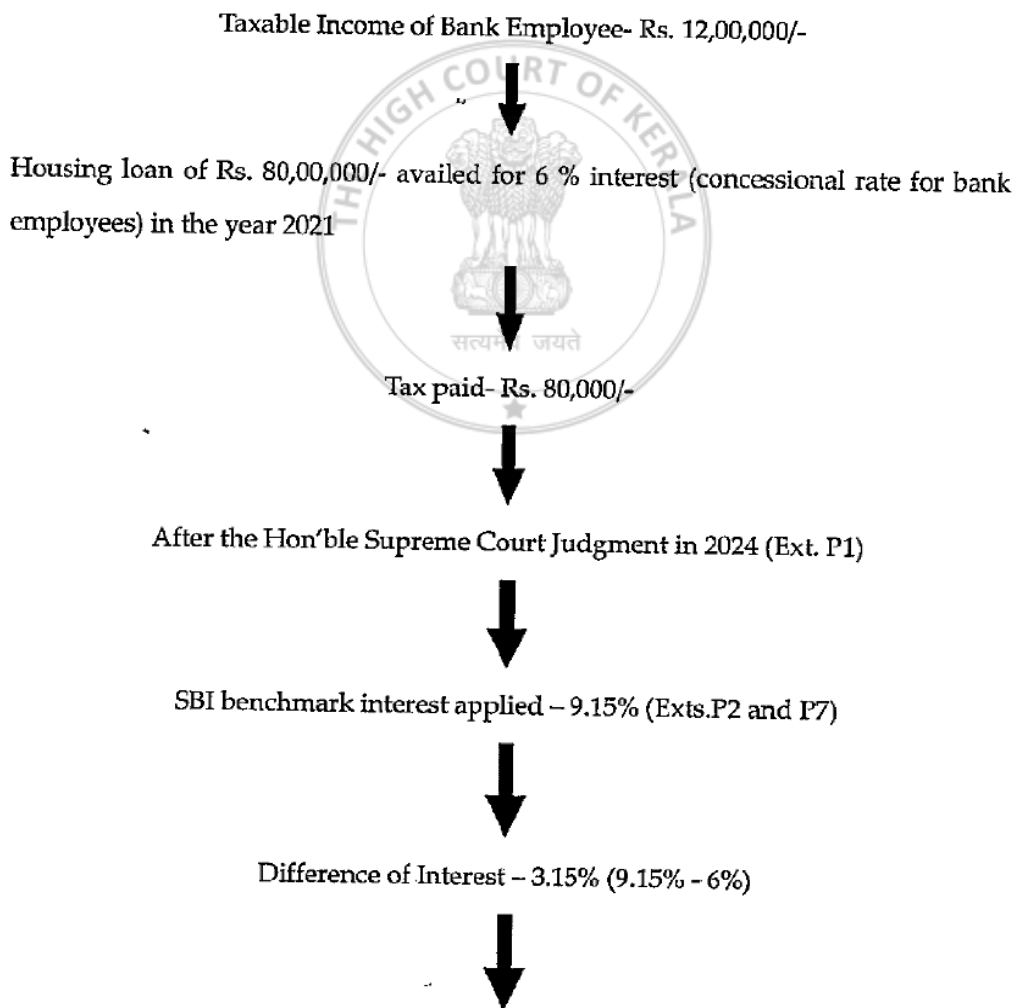
5. It is submitted that, aggrieved by Ext. P2, the All India Union Bank Officers Federation (AIUBOF) sent a letter to the respondent bank requesting for absorption of tax liability akin to the established practice of Bank of Baroda. A true copy of the communication no. AIUBOF/GS/LET/264/2022-25 dated 16.12.2024 is produced herewith and marked as **Exhibit P4**. For reference, a true copy of the Circular No.BCC/BR/109/173 dated 05.04.2017 issued by the

General Manager, Bank of Baroda is produced herewith and marked as **Exhibit P5**. The method adopted by the Bank of Baroda which is absorption of tax liability is only to be adopted by the respondent Union Bank. For reference, a true copy of the pay slip of employee of Bank of Baroda as obtained in the official online portal is produced herewith and marked as **Exhibit P6**. From Ext. P6 it can be understood that the perquisite tax paid/absorbed by the bank is Rs. 68,344/-.

6. It is submitted that, pursuant to Ext. P2, on 10.01.2025, a circular was issued by the respondent bank reiterating Ext. P2 and prescribing the method of calculation of perquisite value. The modalities of the module for bank employees to verify was also requested. A true copy of the Circular No. 8515 dated 10.01.2025 issued by the respondent bank is produced herewith and marked as **Exhibit P7**. Ext. P7 is under challenge in this writ petition.
7. To understand the anomaly as a result of implementation of Exts. P2 and P7, one of the loans availed by the 2<sup>nd</sup> petitioner is explained below for illustrative purposes. The 2<sup>nd</sup> petitioner had availed house loan of Rs. 58,00,000 in the year 2021 for interest rate of 6% and subsequently availed a housing loan of Rs 29,70,000 in the year 2023. However, it is only pursuant to Ext. P1 judgment by the Hon'ble Apex Court that the tax on the perquisite value of the concessional rate of interest has been imposed, wherein the benchmark rate has been fixed at 9.15%, and Tax Deducted at Source (TDS) is levied on the perquisite value corresponding to the differential rate of interest. A true copy of the letter of sanction dated 21.10.2021 & 12.06.2023 issued to the 2<sup>nd</sup> petitioner is produced herewith and marked as **Exhibit P8**. The imposition of

tax on the differential interest rate results in the deduction of the tax amount on the concessional interest rate from the salary of the 2nd petitioner, thereby leaving him with a substantially reduced portion of his salary for meeting routine expenses. This unforeseen financial burden arises solely as a consequence of availing the loan, rendering the outcome arbitrary and unpredictable.

8. The following illustration depicts the anomaly for easy reference-



14

Rs. 80,00,000/- x 3.15 % = Rs. 2,52,000/- (added to income)



Taxable income – Rs. 12,00,000/- + Rs. 2,52,000/-



Tax increases from Rs. 80,000/- to Rs. 1,30,000/-

9. Some of the repercussions of the implementation of Exts.P2 and P7 and the grievances of the petitioners are explained below:
- The SBI bench mark rate for housing loan as accepted by Union Bank is 9.15 percentage. However, the interest rate charged by SBI for the public is 8.50 percentage as evident from Ext. P3. There exists an anomaly.
  - By fixation of higher deduction of tax, bank employees who have availed the loans are subjected to excessive financial liability. As a result of the excess of financial liability there is no substantial disbursement of monthly salary to the bank employees. This severely jeopardises their routine income and expenditure.
  - There is an adverse impact on loan repayments and asset quality. The deduction of tax on perquisite has resulted in substantial reduction in the net salaries of several bank employees, in some instances, leaving them with minimal or no residual salary. Consequently, many employees have been rendered unable to service their loan equated monthly instalments (EMIs). The pay slips of affected employees unequivocally demonstrate that the bank has been unable to deduct

EMIs in numerous loan accounts due to an insufficient balance remaining in their net salary.

- iv. As on the date of availing the loan, the applicable interest rate was 6%, as evidenced by Ext. P8, and the available salary was sufficient to service the loan repayment, since the Tax Deducted at Source (TDS) on the perquisite value of the concessional rate of interest was not being deducted by the bank at that time. The bank employees were under the bonafide and legitimate expectation that they will be able to repay the loans. However, after the imposition of an additional tax on concessional interest rate the bank employees are in a situation that they are unable to repay the bank loans.
- v. The retrospective imposition of Exts. P2 and P7 on bank employees who had availed loans at a time when tax was not levied on the concessional rate of interest was neither contemplated in Ext. P1 judgment nor explicitly stated in the impugned circulars. Thus, the impugned action is clearly without any legal or material basis. If Tax Deducted at Source (TDS) on the perquisite value of the concessional rate of interest is applied prospectively—i.e., only to loans availed after the pronouncement of the Hon'ble Apex Court's judgment (Ext. P1)—the grievances of the petitioners would stand redressed.
- vi. As per the original sanction terms, it was expressly agreed that total deductions including EMI payments, OD interest and other statutory deductions would not exceed 75% of the gross salary of bank employees, leaving an assured sustenance limit. However, the unilateral imposition of additional tax liability has resulted in

deductions exceeding this limit. Thereby, reducing the take-home salary to even below 25% of gross pay.

- vii. Due to additional tax deductions, the bank employees who availed loans are unable to maintain adequate balances in their staff overdraft (OD) accounts. The resultant inefficiency in salary for servicing OD interest payments risks causing the account of the bank employee to slip into a stressed category and adversely affecting their credit worthiness. This not only affects the CIBIL score but also severely jeopardises the future loan eligibility of these bank employees.
- viii. These bank employees may be required to remit a portion of the principal due to reduced repayment capacity caused solely by tax deductions, placing these bank employees at a severe financial disadvantage. The bank employees will be rendered ineligible for automatic renewals under the Straight Through Processing (STP) system, thereby placing the loans availed by them under financial stress, ultimately leading to their classification as Non-Performing Assets (NPAs) in accordance with the prudential classification norms prescribed by the Reserve Bank of India.
- ix. The petitioners and other similarly placed bank employees of the Union Bank of India are also entitled to the similar relief granted by the Bank of Baroda. The Bank of Baroda is also another Public Sector Bank (PSB) operating under the same ownership and regulatory framework as the respondent bank. The Bank of Baroda, vide Ext. P5, has taken a decision to absorb the tax liability arising from the concessional interest rate and not to pass the tax burden onto its employees. This creates discrimination between employees of two

PSBs, both governed by the Department of Financial Services, Ministry of Finance.

- x. There is a substantial risk of accounts of these bank employees turning Non-performing Assets (NPA). Loan renewals are critical to maintaining asset quality. Non-renewal of loans due to tax deductions/reduced eligibility could result in loan accounts of bank employees slipping into NPA status. As per the RBI prudential norms, a NPA classification on one loan under a customer ID could trigger a default classification across all loans under the same ID, further aggravating the issue.
- xi. The resultant take-home salary reduced below sustenance levels, has caused both financial and emotional distress impairing the ability of these bank employees to meet basic household expenses, children's educational costs and statutory obligations.

10. It is submitted that stating the above grievances and requesting for the same treatment as bank employees of the Bank of Baroda, the petitioners submitted representations to the respondents. A true copy of the representation dated 27.01.2025 submitted by the 1<sup>st</sup> petitioner to the respondents is produced herewith and marked as **Exhibit P9**. A true copy of the representation dated 27.01.2025 submitted by the 2<sup>nd</sup> petitioner to the respondents is produced herewith and marked as **Exhibit P10**. A true copy of the representation dated 27.01.2025 submitted by the 3<sup>rd</sup> petitioner to the respondents is produced herewith and marked as **Exhibit P11**.

11. It is submitted that, on 29.01.2025, the 1<sup>st</sup> petitioner submitted a representation requesting for absorption of tax liability on perquisites. A true copy of the representation dated 29.01.2025 submitted by the 1<sup>st</sup> petitioner is produced herewith and marked as Exhibit P12. No orders have been passed addressing Exts. P9 to P12 until date.
12. Without considering the grievances of the petitioners and similarly placed bank employees, as detailed in Exts. P9 to P12 representations, an excessive amount has been deducted as tax on the perquisite value of the concessional rate of interest, resulting in the disbursement of meagre salaries to the petitioners and other bank employees for the month of January 2025. This unjust deduction is expected to continue in the subsequent months as well, causing severe financial hardship to the affected employees. In the event, the excessive tax deductions continue, the petitioners and other bank employees will be left to fend for themselves. Hence, urgent reliefs are sought in this writ petition. Further delay in consideration of Exts. P9 to P12 representations would severely prejudice the petitioners and other bank employees who had availed loans.

In these circumstances, the petitioners do not have any other equal and efficacious remedy other than approaching this Hon'ble Court on the following among other:

#### GROUNDS

- A. Exts. P2 and P7 are unjust, illegal and arbitrary. Exts. P2 and P7 are issued based on an erroneous interpretation of the existing legal framework,



namely the provisions of the Income Tax Act, 1961, Income Tax Rules, 1962 and Ext.P1 judgment. Actually, these have no legal or material basis.

- B. The relevant provisions of the Act and Rules are extracted below for reference-

Section 17(2) relates to 'perquisites' and reads:

*"(2) "Perquisite" includes— (i) the value of rent-free accommodation provided to the assessee by his employer computed in such manner as may be prescribed; (ii) the value of any accommodation provided to the assessee by his employer at a concessional rate. Explanation.— For the purposes of this sub-clause, it is clarified that accommodation shall be deemed to have been provided at a concessional rate, if the value of accommodation computed in such manner as may be prescribed, exceeds the rent recoverable from, or payable by, the assessee; (iii) the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases—*

- (a) by a company to an employee who is a director thereof;*
- (b) by a company to an employee being a person who has a substantial interest in the company;*
- (c) by any employer (including a company) to an employee to whom the provisions of paragraphs (a) and (b) of this sub-clause do not apply and whose income under the head "Salaries" (whether due from, or paid or allowed by, one or more employers), exclusive of the value of all benefits or amenities not provided for by way of monetary payment, exceeds fifty thousand rupees:*

*Explanation.—For the removal of doubts, it is hereby declared that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other place or work, or from such office or place to his residence, shall not be regarded as a benefit or amenity granted or provided to him free of cost or at concessional rate for the purposes of this sub-clause;*

*(iv) any sum paid by the employer in respect of any obligation which, but for such payment, would have been payable by the assessee; and*

*(v) any sum payable by the employer, whether directly or through a fund, other than a recognised provident fund or an approved superannuation fund or a Deposit linked Insurance Fund established under Section 3 G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948), or, as the case may be, Section 6-C of the Employees' Provident Funds and*

*Miscellaneous Provisions Act, 1952 (19 of 1952), to effect an assurance on the life of the assessee or to effect a contract for an annuity;*

*(vi) the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee.*

*Explanation.— For the purposes of this sub clause,— (a) “specified security” means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and, where employees’ stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme; (b) “sweat equity shares” means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called; (c) the value of any specified security or sweat equity shares shall be the fair market value of the specified security or sweat equity shares, as the case may be, on the date on which the option is exercised by the assessee as reduced by the amount actually paid by, or recovered from the assessee in respect of such security or shares;*

*(d) “fair market value” means the value determined in accordance with the method as may be prescribed;*

*(e) “option” means a right but not an obligation granted to an employee to apply for the specified security or sweat equity shares at a predetermined price;*

*(vii) the amount or the aggregate of amounts of any contribution made to the account of the assessee by the employer— (a) in a recognised provident fund; (b) in the scheme referred to in sub-section (1) of Section 80-CCD; and (c) in an approved superannuation fund, to the extent it exceeds seven lakh and fifty thousand rupees in a previous year;*

*(viii) the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause to the extent it relates to the contribution referred to in the said sub-clause which is included in total income under the said sub clause in any previous year computed in such manner as may be prescribed; and*

*(viii) the value of any other fringe benefit or amenity as may be prescribed.” (emphasis supplied)*

Rule 3(7) of the Rules reads-

*"(7) In terms of provisions contained in Sub-Clause (vi) of Sub-Section (2) of Section 17,10 the following other fringe benefits or amenities are hereby prescribed and the value thereof shall be determined in the manner provided hereunder:*

*the value of the benefit to the assessee resulting from the provision of interest-free or concessional loan for any purpose made available to the employee or any member of his household during the relevant previous year by the employer or any person on his behalf shall be determined as the sum equal to the simple interest computed at the rate charged per annum by the State Bank of India Act, 1955 (23 of 1955), as on the 1st day of the relevant previous year in respect of loans for the same purpose advanced by it on the maximum outstanding monthly balance as reduced by the interest, if any, actually paid by him or any such member of his household.*

*However, no value would be charged if such loans are made available for medical treatment in respect of diseases specified in Rule 3A of these Rules or where the amount of loans are petty not exceeding in the aggregate of Rs.20,000:*

*Provided that where the benefits relates to the loans made available for medical treatment referred to above, the exemption so provided shall not apply to so much of the loan as has been reimbursed to the employee under any medical insurance scheme."*

From the above quoted provisions it can be understood that there is no specific legal footing for issuance of Exts. P2 and P7. It is not stated above that the SBI benchmark rate of 9.15% is to be adopted. Ext.P1 judgment also does not direct imposition of additional tax on perquisite of bank employees at such rates (please see paragraphs 32 to 34 of Ext. P1 judgment).

C. Some of the repercussions of the implementation of Exts.P2 and P7 and the grievances of the petitioners are explained below:

- i. The SBI bench mark rate for housing loan adopted by Union Bank of India for calculating the TDS on perquisite value of concessional rate of interest is 9.15 percentage. However, the SBI

interest rate for housing loan offered to the public is 8.50 percentage as evident from Ext. P3.

- ii. By fixation of higher SBI benchmark rate, bank employees who have availed the loans are subjected to excessive financial liability. As a result of the excess of financial liability there is no substantial disbursement of monthly salary to the bank employees. This severely jeopardises their routine income and expenditure.
- iii. There is an adverse impact on loan repayments and asset quality. The deduction of tax on perquisite has resulted in substantial reduction in the net salaries of several bank employees, in some instances, leaving them with minimal or no residual salary. Consequently, many employees have been rendered unable to service their loan equated monthly instalments (EMIs). The pay slips of affected employees unequivocally demonstrate that the bank has been unable to deduct EMIs in numerous loan accounts due to an insufficient balance remaining in their net salary.
- iv. As on the date of availing the loan, the applicable interest rate was 6%, as evidenced by Ext. P8, and the available salary was sufficient to service the loan repayment, since the Tax Deducted at Source (TDS) on the perquisite value of the concessional rate of interest was not being deducted by the bank at that time. The bank employees were under the bonafide and legitimate expectation that they will be able to repay the loans. However, after the imposition of an additional tax on concessional interest

rate the bank employees are in a situation that they are unable to repay the bank loans.

- v. The retrospective imposition of Exts. P2 and P7 on bank employees who had availed loans at a time when tax was not levied on the concessional rate of interest was neither contemplated in Ext. P1 judgment nor explicitly stated in the impugned circulars. If Tax Deducted at Source (TDS) on the perquisite value of the concessional rate of interest is applied prospectively—i.e., only to loans availed after the pronouncement of the Hon'ble Apex Court's judgment (Ext. P1)—the grievances of the petitioners would stand redressed.
- vi. As per the original sanction terms, it was expressly agreed that total deductions including EMI payments, OD interest and other statutory deductions would not exceed 75% of the gross salary of bank employees, leaving an assured sustenance limit. However, the unilateral imposition of additional tax liability has resulted in deductions exceeding this limit. Thereby, reducing the take-home salary to even below 25% of gross pay.
- vii. Due to additional tax deductions, the bank employees who availed loans are unable to maintain adequate balances in their staff overdraft (OD) accounts. The resultant inefficiency in salary for servicing OD interest payments risks causing the account of the bank employee to slip into a stressed category and adversely affecting their credit worthiness. This not only affects the CIBIL score but also severely jeopardises the future loan eligibility of these bank employees.

- viii. These bank employees maybe required to remit a portion of the principal due to reduced repayment capacity caused solely by tax deductions, placing these bank employees at a severe financial disadvantage. The bank employees will be rendered ineligible for automatic renewals under the Straight Through Processing (STP) system, thereby placing the loans availed by them under financial stress, ultimately leading to their classification as Non-Performing Assets (NPAs) in accordance with the prudential classification norms prescribed by the Reserve Bank of India.
- ix. The petitioners and other similarly placed bank employees of the Union Bank of India are also entitled to the similar relief granted by the Bank of Baroda. The Bank of Baroda is also another Public Sector Bank (PSB) operating under the same ownership and regulatory framework as the respondent bank. The Bank of Baroda, vide Ext. P5, has taken a decision to absorb the tax liability arising from the concessional interest rate and not to pass the tax burden onto its employees. This creates discrimination between employees of two PSBs, both governed by the Department of Financial Services, Ministry of Finance.
- x. There is a substantial risk of accounts of these bank employees turning Non-performing Assets (NPA). Loan renewals are critical to maintaining asset quality. Non-renewal of loans due to tax deductions/reduced eligibility could result in loan accounts of bank employees slipping into NPA status. As per the RBI prudential norms, a NPA classification on one loan under a

customer ID could trigger a default classification across all loans under the same ID, further aggravating the issue.

- xi. The resultant take-home salary reduced below sustenance levels, has caused both financial and emotional distress impairing the ability of these bank employees to meet basic household expenses, children's educational costs and statutory obligations.

D. It is submitted that, Section 10 (10CC) of the Income Tax Act, 1961 unequivocally provides that at the option of the employer, the tax on perquisites paid by the employer on behalf of the employee shall not be treated as an additional perquisite in the hands of the employee. For reference, Section 10 (10CC) of the Income Tax Act, 1961 is reproduced below-

*"(10CC) in the case of an employee, being an individual deriving income in the nature of a perquisite, not provided for by way of monetary payment, within the meaning of clause (2) of section 17, the tax on such income actually paid by his employer, at the option of the employer, on behalf of such employee, notwithstanding anything contained in section 200 of the Companies Act, 1956 (1 of 1956);"*

Upon mere perusal of the said section, it can be understood that the said provision is statutory mandate and not a discretionary allowance or benefit conferred by the employer at its own volition. The Bank of Baroda being a public sector bank akin to the respondent Bank has exercised the option available under Section 10 (10CC) of the Act and has absorbed the tax on perquisites on behalf of its employees. This decision of Bank of Baroda is in strict compliance to the said section and does not constitute

an independent allowance or additional benefit granted by the Bank of Baroda to its employees. Section 10 (10CC) of the Act cannot be made selectively implemented across different public sector banks.

- E. The differential treatment of bank employees in other Public Sector Banks like Bank of Baroda, Canara Bank from that of the Union Bank of India constitutes violation of Art. 14 of the Constitution. All these bank employees are governed by the same Department of Financial Services, Ministry of Finance. Moreover, the differential treatment meted out by the respondent bank in refusing to absorb the tax on perquisites, despite the applicability of Section 10 (10CC) of the Income Tax Act, 1961 results in an arbitrary and discriminatory practice. This disparity violates the principle of equality enshrined under Article 14. In the decision of the Supreme Court in Prem Chand Somchand Shah v. Union of India, (1991) 2 SCC 48, it was held:

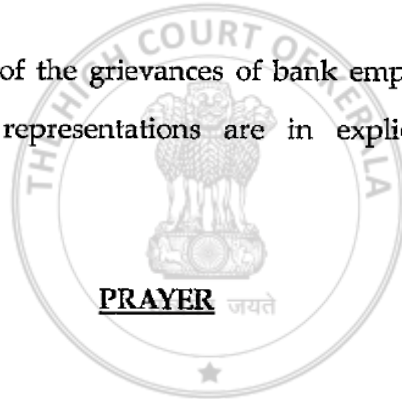
*"8. As regards the right to equality guaranteed under Article 14 the position is well settled that the said right ensures equality amongst equals and its aim is to protect persons similarly placed against discriminatory treatment. It means that all persons similarly circumstanced shall be treated alike both in privileges conferred and liabilities imposed."*

Similarly, Union of India v. N.S. Rathnam, (2015) 10 SCC 681, State Of Uttar Pradesh v. Dayanand Chakrawarty And Others (2013) 7 SCC 595, State of Punjab v. Senior Vocational Staff Masters Assn., (2017) 9 SCC 379, and G. Sadasivan Nair v. Cochin University of Science & Technology, (2022) 4 SCC 404, have also held that differential treatment of similarly situated persons is arbitrary and discriminatory, and therefore violative of Article 14 of the Constitution.



F. The 9<sup>th</sup> respondent Reserve Bank of India (RBI) has a duty to intervene in the matter and to set right the anomaly. The disparity is to be rectified and the employees in Union Bank should be treated in par with those in Bank of Baroda. All loans are sanctioned in accordance with the RBI Regulation. RBI exercises overall regulatory control over the regulated entities including Public Sector Bank like Union Bank of India, Bank of Baroda etc. This is an RBI Nominee Director in the Board of Union Bank of India, RBI has responsibility to ensure compliance to sanctioned terms and conditions.

G. Non consideration of the grievances of bank employees as explained in Exts. P9 to P12 representations are in explicit violation of their fundamental rights.



Hence, it is respectfully prayed that this Hon'ble Court may be pleased:

- i. To issue a writ of certiorari quashing Exts. P2 and P7 as unjust, illegal and arbitrary;
- ii. To issue a writ of mandamus directing the respondents to revoke Exts. P2 and P7 and stop the deduction of Tax Deducted at Source (TDS) with respect to the additional perquisite value attributed to concessional loans of the petitioners and alike bank employees;

- iii. To issue a writ of mandamus directing the respondent Union Bank of India to absorb the tax liability arising from the perquisite value of concessional loans in tune with the practice adopted by other Public Sector Banks like Bank of Baroda, Canara Bank;
- iv. To issue a writ of mandamus directing the respondents to refund all deductions made under the head of perquisite tax liability from the petitioners and alike bank employees' salaries;
- v. To issue a writ of mandamus directing the respondents to consider Exts. P9 to P12 representations and pass orders accordingly;
- vi. To issue such other orders, directions or writs as may be prayed for and that this Hon'ble Court may deem fit under the facts and circumstances of the case;
- vii. To dispense with filing of the translation of vernacular documents.

INTERIM RELIEF

For the reasons stated in the accompanying Writ Petition, it is respectfully prayed that this Hon'ble Court be pleased to direct the respondents-

- i. stay the operation and implementation of Exts. P2 and P7 circulars, till this writ petition is heard and finally decided;

- ii. to consider and pass orders on Exts. P9 to P12 representations submitted by the petitioners;
- iii. to issue an interim direction to the respondents to refund all deductions made under the head of perquisite tax liability from the petitioners and alike bank employees' salaries.

Dated this the 5<sup>th</sup> day of February 2025.

Petitioners



1) SREENATH  
INDUCHANDAN

2) DERPAK PAROTH

3) SUNNY KURIAN

Counsel for the Petitioners

BEFORE THE HON'BLE HIGH COURT OF KERALA AT ERNAKULAM  
W.P(C)No. of 2025

Sreenath Induchoodan & others

: Petitioners

v/s

Union Bank of India & others

: Respondents

AFFIDAVIT

I, . Sreenath Induchoodan, Aged 38 years, S/o.J.Induchoodan, General Secretary, Union Bank Officers Association(Kerala State) Reg.No.TV19457, C/o.Regional Office, Union Bank of India, Statue, Trivandrum-695001, Residing at Indeevaram A-37, Maruthoorkadavu, Karamana P.O., Trivandrum - 695002, do hereby solemnly affirm and state as follows:

1. I am the 1<sup>st</sup> Petitioner in the above W.P(c ) and I am conversant with the facts of the case. I am swearing to this affidavit for and on behalf of myself and 2<sup>nd</sup> petitioner as well. I am competent to do so and I am also authorised to do so.
2. The submissions made in the W.P(c ) are based on my personal knowledge, information and on instructions received by me.
3. For the reasons stated in the W.P(c ) it is humbly prayed that this Hon'ble Court may be pleased to grant the reliefs sought for in the W.P(c ) as otherwise I will be put to irreparable loss and injury. The exhibits produced along with the writ petition are the true copies of the originals.
4. I have not filed petitions earlier seeking similar and identical reliefs, in respect of the same subject matter before this Hon'ble Court.

What is stated in paragraphs 1 to 12 in the Writ Petition and paragraphs 1 to 4 herein are true to my knowledge and what is stated in Grounds A to G in the writ petition are true to my information and beliefs derived from the records and obtained from my counsel and I believe the same are to be true.

All the facts stated above are true and correct to the best of my knowledge, information and belief.

Dated this the 5<sup>th</sup> day of February, 2025.

Deponent

SREENATH INDUCHOODAN



*[Handwritten signature]*

Solemnly affirmed and signed before me by the deponent who is personally known to me on the 5<sup>th</sup> day of February, 2025 in my office at Ernakulam

*[Handwritten signature]*  
Apreme Karayyan Neron



2024 INSC 389

P1

REPORTABLE

IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION  
CIVIL APPEAL NO. 7708 OF 2014.

ALL INDIA BANK OFFICERS' CONFEDERATION ..... APPELLANT

VERSUS

THE REGIONAL MANAGER,  
CENTRAL BANK OF INDIA, AND OTHERS ..... RESPONDENTS

WITH

CIVIL APPEAL NO. 18459 OF 2017

CIVIL APPEAL NO. 18460 OF 2017

CIVIL APPEAL NO. 18462 OF 2017

CIVIL APPEAL NO. 18463 OF 2017

CIVIL APPEAL NO. 18461 OF 2017

CIVIL APPEAL NO. 18464 OF 2017

CIVIL APPEAL NOS. 18465-18466 OF 2017

CIVIL APPEAL NOS. 18457-18458 OF 2017

AND

CIVIL APPEAL NO. 18467 OF 2017

J U D G M E N T

SANJIV KHANNA, J.

This common judgment decides the appeals filed by staff unions and officers' associations of various banks, impugning judgments which dismiss

Signature Not Verified  
Digitally signed by  
Sanjiv Khanna  
Date: 2024.05.07  
17:37:15IST  
Reason:

their writ petitions, where the *vires* of Section 17(2)(viii) of the Income Tax Act, 1961<sup>1</sup> or Rule 3(7)(i) of the Income Tax Rules, 1962<sup>2</sup>, or both, were challenged.

2. Section 17(2)(viii) of the Act includes in the definition of 'perquisites'<sup>3</sup>, 'any other fringe benefit or amenity', 'as may be prescribed'.<sup>4</sup> Rule 3 of the Rules prescribes additional 'fringe benefits' or 'amenities', taxable as perquisites, pursuant to Section 17(2)(viii). It also prescribes the method of valuation of such perquisites for taxation purposes. Rule 3(7)(i) of the Rules stipulates that interest-free/concessional loan benefits provided by banks to bank employees shall be taxable as 'fringe benefits' or 'amenities' if the interest charged by the bank on such loans is lesser than the interest charged according to the Prime Lending Rate<sup>5</sup> of the State Bank of India<sup>6</sup>.
3. Section 17(2)(viii) and Rule 3(7)(i) are challenged on the grounds of excessive and unguided delegation of essential legislative function to the Central Board of Direct Taxes<sup>7</sup>. Rule 3(7)(i) is also challenged as arbitrary and violative of Article 14 of the Constitution insofar as it treats the PLR of SBI as the

<sup>1</sup> For short, "Act".

<sup>2</sup> For short, "Rules".

<sup>3</sup> Section 17(2) of the Act defines perquisites. It specifies a list of benefits/advantages, incidental to employment, and received in excess of salary, which are made taxable as perquisites. Section 17(2)(viii) is a residuary clause that authorizes a subordinate rule-making authority to prescribe 'any other fringe benefits or amenities' that are liable to taxation as 'perquisites'.

<sup>4</sup> Before amendments brought in by Finance (No.2) Act, 2009, with effect from 01.04.2010, Section 17(2)(vi) of the Act read: "(vi) the value of any other fringe benefit or amenity (excluding the fringe benefits chargeable to tax under Chapter XIII) as may be prescribed". Post the amendment, Section 17(2)(viii), in effect contains the same stipulations as erstwhile Section 17(2)(vi), with some modifications. It states: "(viii) the value of any other fringe benefit or amenity as may be prescribed." Thus, the present Section 17(2)(viii) contains similar stipulations as erstwhile Section 17(2)(vi), reference to Chapter XIII only being deleted. To retain uniformity, we will be referring to it as Section 17(2)(viii).

<sup>5</sup> For short, "PLR".

<sup>6</sup> For short, "SBI".

<sup>7</sup> For short, "CBDT".

benchmark instead of the actual interest rate charged by the bank from a customer on a loan.

4. Sections 15 to 17 of the Act relate to income tax chargeable on salaries.
  - ⇒ Section 15 stipulates incomes that are chargeable to income tax as 'salaries'.
  - ⇒ Section 16 prescribes deductions allowable under 'salaries'.
  - ⇒ Section 17 defines the expressions 'salary', 'perquisites' and 'profits in lieu of salary' for Sections 15 and 16.
  
5. Section 17(1) includes in the definition of 'salary': wages, annuity or pension, gratuity, fee, commission, perquisites, or profits in lieu of or in addition to salary or wages, advance of salary, payments received by an employee in respect of leave not availed, annual accretion to the balance at the credit of the employee participating in a recognised provident fund, etc.
  
6. Section 17(2) relates to 'perquisites' and reads:<sup>8</sup>

"(2) "Perquisite" includes—

- (i) *the value of rent-free accommodation provided to the assessee by his employer computed in such manner as may be prescribed;*
- (ii) *the value of any accommodation provided to the assessee by his employer at a concessional rate.*

*Explanation.— For the purposes of this sub-clause, it is clarified that accommodation shall be deemed to have been provided at a concessional rate, if the value of accommodation computed in such manner as may be prescribed, exceeds the rent recoverable from, or payable by, the assessee;*

- (iii) *the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases—*

<sup>8</sup> Post 01.04.2010.

(a) by a company to an employee who is a director thereof;

(b) by a company to an employee being a person who has a substantial interest in the company;

(c) by any employer (including a company) to an employee to whom the provisions of paragraphs (a) and (b) of this sub-clause do not apply and whose income under the head "Salaries" (whether due from, or paid or allowed by, one or more employers), exclusive of the value of all benefits or amenities not provided for by way of monetary payment, exceeds fifty thousand rupees:

*Explanation.*—For the removal of doubts, it is hereby declared that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other place or work, or from such office or place to his residence, shall not be regarded as a benefit or amenity granted or provided to him free of cost or at concessional rate for the purposes of this sub-clause;

- (iv) any sum paid by the employer in respect of any obligation which, but for such payment, would have been payable by the assessee; and
- (v) any sum payable by the employer, whether directly or through a fund, other than a recognised provident fund or an approved superannuation fund or a Deposit-linked Insurance Fund established under Section 3-G of the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948 (46 of 1948), or, as the case may be, Section 6-C of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952), to effect an assurance on the life of the assessee or to effect a contract for an annuity;
- (vi) the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee.

*Explanation.*— For the purposes of this sub-clause,—

(a) "specified security" means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and, where employees' stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme;

(b) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called;



- (c) the value of any specified security or sweat equity shares shall be the fair market value of the specified security or sweat equity shares, as the case may be, on the date on which the option is exercised by the assessee as reduced by the amount actually paid by, or recovered from the assessee in respect of such security or shares;
- (d) "fair market value" means the value determined in accordance with the method as may be prescribed;
- (e) "option" means a right but not an obligation granted to an employee to apply for the specified security or sweat equity shares at a predetermined price;
- (vii) the amount or the aggregate of amounts of any contribution made to the account of the assessee by the employer—
- (a) in a recognised provident fund;
- (b) in the scheme referred to in sub-section (1) of Section 80-CCD; and
- (c) in an approved superannuation fund, to the extent it exceeds seven lakh and fifty thousand rupees in a previous year;
- (viii) the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) to the extent it relates to the contribution referred to in the said sub-clause which is included in total income under the said sub-clause in any previous year computed in such manner as may be prescribed; and
- (viii) the value of any other fringe benefit or amenity as may be prescribed:

xx

xx

xx"

(emphasis supplied)

7. Rule 3(7)(i) of the Rules<sup>9</sup> reads:

*"(7) In terms of provisions contained in Sub-Clause (vi) of Sub-Section (2) of Section 17,<sup>10</sup> the following other fringe benefits or amenities are hereby prescribed and the value thereof shall be determined in the manner provided hereunder:*

*(i) the value of the benefit to the assessee resulting from the provision of interest-free or concessional loan for any purpose made available to the employee or any member of*

<sup>9</sup> As it stands after amendment vide Income Tax (First Amendment) Rules, 2004, with effect from 01.04.2004.

<sup>10</sup> See supra note 4.

*his household during the relevant previous year by the employer or any person on his behalf shall be determined as the sum equal to the simple interest computed at the rate charged per annum by the State Bank of India Act, 1955 (23 of 1955), as on the 1st day of the relevant previous year in respect of loans for the same purpose advanced by it on the maximum outstanding monthly balance as reduced by the interest, if any, actually paid by him or any such member of his household.*

*However, no value would be charged if such loans are made available for medical treatment in respect of diseases specified in Rule 3A of these Rules or where the amount of loans are petty not exceeding in the aggregate of Rs.20,000:*

*Provided that where the benefits relates to the loans made available for medical treatment referred to above, the exemption so provided shall not apply to so much of the loan as has been reimbursed to the employee under any medical insurance scheme." <sup>11</sup>*

8. Section 17(1), provides a broad and inclusive definition of 'salary'. It states that salary, *inter alia*, includes wages as well as other payments paid to employees like perquisites. Thus, perquisites paid by the employer to the employee are taxable as 'salary'.
9. 'Perquisite' has been defined in Section 17(2) for clarity, and also, to include and widen its scope. Clauses (i) to (viii) to Section 17(2) make the following taxable as 'perquisites':
- ⇒ Clause (i) - rent-free accommodation by employer.
  - ⇒ Clause (ii) - accommodation at a concessional rate by employer.
  - ⇒ Clause (iii) - benefit of amenity provided free of cost/at a concessional rate, in specified cases.

<sup>11</sup> It is relevant to state here that the appellants have not challenged Rule 3(7)(i) as it existed for the period 01.04.2001 to 31.03.2004, that is, prior to the amendment *vide* the Income Tax (First Amendment) Rules, 2004, with effect from 01.04.2004. We are thus referring to the said Rule.

- ⇒ Clause (iv) - sum paid by the employer for an obligation.
- ⇒ Clause (v) – sum payable by the employer through a fund (barring specified exceptions) to effect an assurance on the life of the assessee or to effect a contract for annuity.
- ⇒ Clause (vi) – specified security or sweat equity shares allotted/transferred by employer at concessional rate/free of cost.
- ⇒ Clause (vii) – specified amounts contributed to assessee's account by employer such as provident fund, superannuation fund etc.
- ⇒ Clause (viii) – annual accretion by way of interest, dividend or other similar amounts with respect to clause (vii).

10. After specifically stipulating what is included and taxed as 'perquisite', clause (viii) to Section 17(2), as a residuary clause, deliberately and intentionally leaves it to the rule-making authority to tax 'any other fringe benefit or amenity' by promulgating a rule. The residuary clause is enacted to capture and tax any other 'fringe benefit or amenity' within the ambit of 'perquisites', not already covered by clauses (i) to (viii) to Section 17(2).
11. In terms of the power conferred under Section 17(2)(viii), CBDT has enacted Rule 3(7)(i) of the Rules. Rule 3(7)(i) states that interest-free/concessional loan made available to an employee or a member of his household by the employer or any person on his behalf, for any purpose, shall be determined as the sum equal to interest computed at the rate charged per annum by SBI, as on the first date of the relevant previous year in respect of loans for the same purpose advanced by it on the maximum outstanding monthly balance as reduced by interest, if any, actually paid. However, the loans made available for medical

treatment in respect of diseases specified in Rule 3A or loans whose value in aggregate does not exceed Rs.20,000/- , are not chargeable.

12. The effect of the rule is twofold. First, the value of interest-free or concessional loans is to be treated as 'other fringe benefit or amenity' for the purpose of Section 17(2)(viii) and, therefore, taxable as a 'perquisite'. Secondly, it prescribes the method of valuation of the interest-free/concessional loan for the purposes of taxation.
13. While enacting laws, the legislature can and does delineate the meaning of terms through explicit definitions. Specific meanings are assigned for precision, to distinguish words/expressions from loose or popular meanings, expand or restrict the scope of words or expressions, or to designate 'terms of art', that is, words or phrases with specialized meanings. Explicit definitions are useful, but it is wrong to state that all words or expressions must be explicitly defined. Defining each word or expression that is part of normal or commercial vocabulary is neither possible nor expedient. It would be a superfluous exercise, and make statutes voluminous. Instead, popular meaning makes the statute simpler and easier for the common people. After all, it is the common person who is concerned with the ramifications of a statute, and thus, the common man's understanding is the definitive index of the legislative intent. The reason is simple. The legislature is assumed to be aware of the well-understood meaning attributed to the word/expression, and by necessary implication the legislature by not prescribing a fixed and exact definition, ascribes the prevalent meaning assigned to the word/expression in common parlance or commercial usage. This would include meaning assigned to technical words in a particular trade, business or profession, etc. when the

legislation is concerning a particular trade, business or transaction. This rule equally applies to construing words or expressions in a taxation statute.

14. In the present case, Section 17(2)(viii) is a residuary clause, enacted to provide flexibility. Since it is enacted as an enabling catch-within-domain provision, the residuary clause is not iron-cast and exacting. A more pragmatic and commonsensical approach can be adopted by locating the prevalent meaning of 'perquisites' in common parlance and commercial usage.
15. The expression 'perquisite' is well-understood by a common person who is conversant with the subject matter of a taxing statute. New International Webster's Comprehensive Dictionary defines 'perquisites' as any incidental profit from service beyond salary or wages; hence, any privilege or benefit claimed due.<sup>12</sup> 'Fringe benefit' is defined as any of the various benefits received from an employer apart from salary, such as insurance, pension, vacation, etc. Similarly, Black's Law Dictionary defines 'fringe benefit' as a benefit (other than direct salary or compensation) received by an employee from the employer, such as insurance, a company car, or a tuition allowance.<sup>13</sup> The Major Law Lexicon has elaborately defined the words 'perquisite' and 'fringe benefit'.<sup>14</sup>
16. 'Perquisites' has also been interpreted as an expression of common parlance in several decisions of this Court. For example, 'perquisite' was interpreted in ***Arun Kumar v. Union of India***<sup>15</sup>, with respect to Section 17(2) of the Act. The

<sup>12</sup> The New International Webster's Comprehensive Dictionary, p.941.

<sup>13</sup> Black's Law Dictionary, p.188 (10<sup>th</sup> Edition).

<sup>14</sup> Perquisite means something gained by a place or office beyond the regular salary or fee. It is a gain or profit incidentally made from employment. P. Ramanatha Aiyar The Major Law Lexicon, Vol. 5, p. 5059-5069 (4<sup>th</sup> Edition).

Fringe benefit is a term embracing a variety of employees' benefits, paid by the employers and supplementing the workers' basic wage or salary. P. Ramanatha Aiyar The Major Law Lexicon, Vol. 3 (4<sup>th</sup> Edition).

<sup>15</sup> (2007) 1 SCC 732.

Court referenced its dictionary meanings and held that 'perquisites' were a privilege, gain or profit incidental to employment and in addition to regular salary or wages. This decision refers to the observations of the House of Lords in *Owen v. Pook*<sup>16</sup>, where the House observed that 'perquisite' has a known normal meaning, namely, a personal advantage. However, the perquisites do not mean the mere reimbursement of a necessary disbursement. Reference was also made to *Rendell v. Went*<sup>17</sup>, wherein the House held that 'perquisite' would include any benefit or advantage, having a monetary value, which a holder of an office derives from the employer's spending on his behalf.

17. Similarly, in *Additional Commissioner of Income Tax v. Bharat V. Patel*<sup>18</sup>, this Court held that 'perquisite', in the common parlance relates to any perk or benefit attached to an employee or position besides salary or remuneration. It usually includes non-cash benefits given by the employer to the employee in addition to the entitled salary or remuneration.
18. Thus, 'perquisite' is a fringe benefit attached to the post held by the employee unlike 'profit in lieu of salary', which is a reward or recompense for past or future service. It is incidental to employment and in excess of or in addition to the salary. It is an advantage or benefit given because of employment, which otherwise would not be available.
19. From this perspective, the employer's grant of interest-free loans or loans at a concessional rate will certainly qualify as a 'fringe benefit' and 'perquisite', as understood through its natural usage in common parlance.

<sup>16</sup> (1969) 2 WLR 775 (HL).

<sup>17</sup> (1964) 1 WLR 650 (HL).

<sup>18</sup> (2018) 15 SCC 670.

20. Two issues arise for consideration now: (I) Does Section 17(2)(viii) and/or Rule 3(7)(i) lead to a delegation of the 'essential legislative function' to the CBDT?; and (II) Is Rule 3(7)(i) arbitrary and violative of Article 14 of the Constitution insofar as it treats the PLR of SBI as the benchmark?

I. Does Section 17(2)(viii) and/or Rule 3(7)(i) lead to a delegation of the 'essential legislative function' to the CBDT?

21. A Constitution Bench of Seven Judges of this Court in *Municipal Corporation of Delhi v. Birla Cotton, Spinning and Weaving Mills, Delhi and Another*<sup>19</sup>, has held that the legislature, must retain with itself the essential legislative function. 'Essential legislative function' means the determination of the legislative policy and its formulation as a binding rule of conduct. Therefore, once the legislature declares the legislative policy and lays down the standard through legislation, it can leave the remainder of the task to subordinate legislation. In such cases, the subordinate legislation is ancillary to the primary statute. It aligns with the framework of the primary legislation as long as it is made consistent with it, without exceeding the limits of policy and standards stipulated by the primary legislation. The test, therefore, is whether the primary legislation has stated with sufficient clarity, the legislative policy and the standards that are binding on subordinate authorities who frame the delegated legislation.

22. In our opinion, the subordinate authority's power under Section 17(2)(viii), to prescribe 'any other fringe benefit or amenity' as perquisite is not boundless. It is demarcated by the language of Section 17 of the Act. Anything made taxable by the rule-making authority under Section 17(2)(viii) should be a 'perquisite'

<sup>19</sup> (1968) SCC OnLine SC 13.

in the form of 'fringe benefits or amenity'. In our opinion, the provision clearly reflects the legislative policy and gives express guidance to the rule-making authority.

23. Section 17(2) provides an 'inclusive' definition of 'perquisites'. Section 17(2)(i) to (vii)/(viiA) provides for certain specific categories of perquisites. However, these are not the only kind of perquisites. Section 17(2)(viii) provides a residuary clause that includes 'any other fringe benefits or amenities' within the definition of 'perquisites', as prescribed from time to time. The express delineation does not take away the power of the legislature, as the plenary body, to delegate the rule-making authority to subordinate authorities, to bring within the ambit of 'perquisites' any other 'fringe benefit' or annuities' as 'perquisite'. The legislative intent, policy and guidance is drawn and defined. Pursuant to such demarcated delegation, Rule 3(7)(i) prescribes interest-free/loans at concessional rates as a 'fringe benefit' or 'amenity', taxable as 'perquisites'. This becomes clear once we view the analysis undertaken in ***Birla Cotton 7J*** (supra) viz. the 'essential legislative function' test.

24. ***Birla Cotton 7J*** (supra) refers to ***In Re.: The Delhi Laws Act 1912***<sup>20</sup>, wherein this Court held that an unlimited right of delegation is not inherent in the legislative power itself. The legitimacy of delegation depends upon its usage as an ancillary measure, which the legislature considers necessary for the complete and effective exercise of legislative powers. Provided that the legislative policy is enunciated with sufficient clearness or a standard is laid down, the courts should not interfere with the discretion that undoubtedly rests

---

<sup>20</sup> 1951 SCC 568.



with the legislature itself in determining the extent of delegation necessary in a particular case.

25. ***Birla Cotton 7J*** (supra) refers to ***Raj Narain Singh v. Chairman, Patna Administration Committee***<sup>21</sup>, wherein this Court held that an executive authority can be authorised by a statute to modify either existing or future laws but not in any essential feature. What constitutes an essential feature cannot be enunciated in exact terms. However, it was held that modification could not include a change in policy, since the 'essential legislative function' consists of the determination of legislative policy and its formulation as a binding rule of conduct. In the context of Section 17(2)(viii) and Rule 3(7)(i), we are of the opinion that main legislation does not fall foul of the essential feature test. They do not modify an essential feature nor do they violate the condition of determining legislative policy or a binding rule of conduct.
26. ***Birla Cotton 7J*** (supra) also refers to ***Hari Shankar Bagla v. State of Madhya Pradesh***<sup>22</sup>, where the majority held that the legislature must declare the policy of law and legal principles which are to control any given cases and thereby provide a standard of guidance to the executive, empowered to execute laws.
27. In ***Western India Theatres Limited v. Municipal Corporation of the City of Poona***<sup>23</sup>, referred by ***Birla Cotton 7J*** (supra), the issue related to the power of the municipality to levy "any other tax to the nature and object of which the approval of the Governor-in-Council shall have been obtained prior to the selection contemplated". The delegated legislation was upheld on the ground

<sup>21</sup> (1955) 1 SCR 290.

<sup>22</sup> (1955) 1 SCR 380.

<sup>23</sup> AIR 1959 SC 586.

that municipality was authorised by the principal enactment to impose the tax. The enactment defined the obligations and functions cast upon the municipality. The taxes could only be levied for implementing those specific purposes and not for any other purpose. Further, the section in the enactment laid down the procedure that the municipality had to follow for imposing the tax. Thus, the legislature had not abdicated its function in favour of the municipality. Same is true in the present case.

28. In *Birla Cotton 7J* (supra), the assessee had challenged a resolution passed by the municipal corporation to levy three taxes, including a levy of tax on consumption or sale of electricity. The challenge was that the levy of tax by the Corporation was by way of excessive delegation and was therefore *ultra vires*. This Court relied upon the judgment in *Pandit Banarsi Das Bhanot v. State of Madhya Pradesh*<sup>24</sup>, to uphold the levy. In *Pandit Banarsi* (supra), this Court had observed that a delegated legislation is not unconstitutional when the legislature leaves it to the executive to determine details relating to the working of taxation laws, such as selection of persons on whom the tax has to be levied, the rates at which it is to be charged in respect of different classes of goods and the like. The principal legislature, it was held, has not given unqualified power to fix the rate of tax without guidance, control or safeguard.
29. *Pandit Banarsi Das* (supra) also refers to *Powell v. Apollo Candle Company Ltd.*<sup>25</sup> which had upheld the power of delegation to levy duties by observing that there was complete guidance in the manner of fixing the rate of duty and

---

<sup>24</sup> 1959 SCR 427.

<sup>25</sup> 8 AC 282.

finally the order passed by the Governor had to be laid before both Houses of the Parliament without unnecessary delay.

30. In *Devidas Gopal Krishnan v. State of Punjab*<sup>26</sup>, this Court distinguished its earlier decision in *Corporation of Calcutta v. Liberty Cinema*<sup>27</sup> where the majority upheld the fixation of tax on cinema shows, albeit the Calcutta Municipal Act, 1951 had failed to prescribe a limit to which tax could go. The majority in *Liberty Cinema* (supra) had referred to *Pandit Banarsi Das* (supra) and held that there is no in-principle distinction between delegation of power to fix rates of taxes to be charged on different classes of goods and power to fix rates simpliciter; if power to fix rates in some cases can be delegated then equally the power to fix rates generally can be delegated. The Court held that if the power to decide who is to pay the tax is not an essential part of legislation, neither would the power to decide the rate of tax be so. The Court thus held that fixation of tax rate was not unqualified as the legislature had stipulated the maximum rate. The guidance rule was held as satisfied.

31. We are of the opinion that the enactment of subordinate legislation for levying tax on interest free/concessional loans as a fringe benefit is within the rule-making power under Section 17(2)(viii) of the Act. Section 17(2)(viii) itself, and the enactment of Rule 3(7)(i) is not a case of excessive delegation and falls within the parameters of permissible delegation. Section 17(2) clearly delineates the legislative policy and lays down standards for the rule-making authority. Accordingly, Rule 3(7)(i) is *intra vires* Section 17(2)(viii) of the Act.

<sup>26</sup> AIR (1967) SC 1895.

<sup>27</sup> (1965) 2 SCR 477.

Section 17(2)(viii) does not lead to an excessive delegation of the 'essential legislative function'.

**II. Is Rule 3(7)(i) arbitrary and violative of Article 14 of the Constitution insofar as it treats the PLR of SBI as the benchmark?**

32. Rule 3(7)(i) posits SBI's rate of interest, that is the PLR, as the benchmark to determine the value of benefit to the assessee in comparison to the rate of interest charged by other individual banks. The fixation of SBI's rate of interest as the benchmark is neither an arbitrary nor unequal exercise of power. The rule-making authority has not treated unequal as equals. The benefit enjoyed by bank employees from interest-free loans or loans at a concessional rate is a unique benefit/advantage enjoyed by them. It is in the nature of a 'perquisite', and hence is liable to taxation.
33. Rule 3(7)(i), it can be hardly argued, is arbitrary or irrational for the reason it benchmarks computation of the perquisite with reference to the SBI's PLR. SBI is the largest bank in the country and the interest rates fixed by them invariably impact and affect the interest rates being charged by other banks. By fixing a single clear benchmark for computation of the perquisite or fringe benefit, the rule prevents ascertainment of the interest rates being charged by different banks from the customers and, thus, checks unnecessary litigation. Rule 3(7)(i) ensures consistency in application, provides clarity for both the assessee and the revenue department, and provides certainty as to the amount to be taxed. When there is certainty and clarity, there is tax efficiency which is beneficial to both the tax payer and the tax authorities. These are all hallmarks of good tax legislation. Rule 3(7)(i) is based on a uniform approach

and yet premised on a fair determining principle which aligns with constitutional values.

34. It is also apposite to note that when it comes to uniform approach the laws relating to fiscal or tax measures enjoy greater latitude than other statutes.<sup>28</sup> The Legislature should be allowed some flexibility in such matters and this Court would be more inclined to give judicial deference to legislative wisdom.<sup>29</sup> Commercial and tax legislations tend to be highly sensitive and complex as they deal with multiple problems and are contingent. This Court would not like to interfere with the legislation in question, which prevents possibilities of abuse and promotes certainty. It is not iniquitous, draconian or harsh on the taxpayers. A complex problem has been solved through a straitjacket formula, meriting judicial acceptance. To hold otherwise, would lead to multiple problems/issues and override the legislative wisdom. The universal test in the present case is pragmatic, fair and just. Therefore, Rule 3(7) is held to be *intra vires* Article 14 of the Constitution of India.
35. We, accordingly, dismiss the appeals and uphold the impugned judgments of the High Courts of Madras and Madhya Pradesh. No order as to costs.

.....J.  
(SANJIV KHANNA)

.....J.  
(DIPANKAR DATTA)

**NEW DELHI;  
MAY 07, 2024.**

<sup>28</sup> *Govt. of A.P. v. P. Laxmi Devi*, (2008) 4 SCC 720.

<sup>29</sup> *Swiss Ribbons (P) Ltd. v. Union of India*, (2019) 4 SCC 17.



TAXATION CELL/ टैक्सेशन सेल  
 वित्त एवं लेखा / Finance & Accounts  
 239, विधान भवन मार्ग, नरीमन पॉइंट, मुंबई - 400021  
 239, Vidhan Bhavan Marg, Nariman Point, Mumbai - 400021

INFORMATION CIRCULAR No.:06920

Date: 13.12.2024

**Sub: TDS applicability on interest free or concessional loan (Perquisites) to the Bank's staff - Implication of Hon. Supreme Court judgment.**

As per the section 17(2) of the Income tax Act 1961, "value of any benefit/amenity granted free or at concessional rate to specified employees" shall come under the definition of perquisite and the perquisite value shall be added to the income for assessing the income tax liability. The value of the perquisite shall be the excess of interest payable at the prescribed interest rate over, interest, if any, actually paid by the employees or any member of his household. The prescribed interest rate, mentioned below would be the rate charged by State Bank of India as on 1st day of the relevant previous year (i.e. April 1st) in respect of loans of the same type and for same purpose advanced by it to general public.

Loan Type	SBI Benchmark rate for Perquisite calculation for FY 2024-25
Housing Loan	9.15%
Vehicle Loan (4-Wheeler)	8.85%
Vehicle Loan (2-Wheeler)	12.15%
Overdraft (Personal Loan rate)	11.15%
Festival Advance (Personal Loan rate)	11.15%

If the SBI rate changes during the year, the new rate will apply from the subsequent financial year.

It is to be noted that:

- For Loans where amount does not exceed ₹20,000 at any time during the financial year, no perquisite value is considered.
- Loans for medical treatment specified under Rule 3A are exempt, provided they are not reimbursed under any medical insurance scheme.

are exempted from the preview of perquisite calculation.

Bank is providing financial assistance or loans under various scheme to employees at concessional rate or at zero interest. List of some of the loans and advances being provided to employees at concession or zero interest, falling under the definition of perquisite is summarized hereunder:

- ❖ Housing loan,
- ❖ Conveyance loan,
- ❖ Clean Overdraft,
- ❖ Festival Advances,
- ❖ Grant of interest free loan in case of natural calamities
- ❖ Interest free loan for insurance premium
- ❖ Furniture Loan to Award Staff etc.

Bank is considering expenditure under "free motor car facility for personal use of employees", provided to the Bank's Executive as one of the components for perquisite calculation.

Consequent to the Hon Supreme Court Judgment dated 07<sup>th</sup> May 2024, calculation of perquisite value on loans & advance and method of calculation is furnished below:

**A) Advances/Loans at concessional interest rate:**

- i) Staff housing and conveyance loans are sanctioned at concessional rates and simple interest is being applied on outstanding principal amount in the account till the repayment of the principal (sanctioned/disbursed amount) is complete.
- ii) For perquisite value calculation, difference in the interest amount /the excess of interest payable will be calculated based on principal balance as on last day of the month.
- iii) Difference in the interest amount /the excess of interest payable shall be difference between existing applicable rates for Bank's staff loan and applicable SBI rate for general public under the respective schemes.
- iv) For staff housing loan under moratorium, since there is no repayment of principal during the moratorium period, interest for each month shall be calculated on the same principal outstanding without reckoning any reduction in the principal amount.
- v) At the beginning of every Financial Year, Bank will obtain loan product wise SBI rate as applicable for general public. If the SBI rate changes during the year, the new rate will apply from the subsequent financial year.

**B) Advances/Loans at zero interest rate:**


- i) Since there is no interest charged, the employee does not accrue or pay any interest.
- ii) The entire interest amount calculated at the SBI rate shall be considered as perquisite value and will be added to the income of the employee for arriving at the tax liability.

Please note that Union Parivar (HRD, CO) is in the process of developing a module in Union Parivar, wherein every employee may peruse and verify facility/account wise perquisite value addition to their total income for tax projection/liability. Detailed guidelines in this regard will be separately issued by the HRD, CO in due course.

Branch/Offices are to note that perquisite value for FY 2024-25 is added to the income of employee which resulted in increase in TDS liability. Hence, TDS is proposed to be recovered from salary during December 2024 to March 2025. Deduction of Tax on perquisite on Festival Advance and Loan for Insurance premium will be deducted from December 2024 salary and tax deduction on remaining component of perquisite will commence from January 2025.

The calculation of tax is being done on estimation basis as actual interest will be applied in March 2025. Actual calculation of tax on perquisite will be calculated again in April 2025 and in case of any short deduction, the same will be recovered from the employees in April 2025. On annual basis, Bank will provide perquisite value in part B of Form 16A and shall issue Form 12BA to the employees.

Branch/Offices are advised to circulate this communication among staff for information.

  
 (हरमोहन साहू / Hara Mohan Sahoo)  
 उप महा प्रबन्धक / Dy. General Manager

P3

Customer Care | **Grahak Setu**

हिंदी **Net Banking**



[Interest Rates](#) | [Deposit Rates](#) | [Loan Schemes - Interest Rates](#) | [SBI NRI Services - Interest Rates](#)  
[Show More](#) v

**Interest Rates**

Home Loan

**8.50%\* p.a. onwards**

w.e.f. 05.04.2024

**\*T&C Apply.**



**External Benchmark based Lending Rate**

**External Benchmark Based Lending Rate**

EBLR/RLLR effective from 15<sup>th</sup> February- 2023

	Existing Rate	Revised Rate
EBLR	8.90%+CRP+BSP	9.15%+CRP+BSP
RLLR	8.50%+CRP	8.75%+CRP

Last Updated On : Tuesday, 14-02-2023





[About Us](#) | [Subsidiaries](#) | [Corporate Governance](#) | [Investor Relations](#) | [SBI In the News](#) | [Contact Us](#) | [Careers](#) | [Site Map](#) | [Disclaimer](#)

## Home

[Forex Card Rates](#)  
[Interest Rates](#)  
[Download Forms](#)  
[Corporate Social Responsibility](#)  
[Sustainability and Business Responsibility Policy](#)  
[Bank Calendar](#)  
[RTI 2005](#)  
[Grahak Setu](#)  
[Equal Opportunity Policy for PWD](#)  
[Do you want to register a Complaint](#)

## NRI

[Accounts](#)  
[Investments](#)  
[Loans](#)  
[Remittances](#)  
[Information](#)  
[Privacy Notice and Consent Forms](#)

## Personal

[Savings Account](#)  
[Loans](#)  
[Investments & Deposits](#)  
[Cards](#)  
[Digital](#)  
[Information & Services](#)  
[Service Charges](#)

## International Banking

[Banking](#)  
[Credit Finance](#)  
[Services](#)

## Business

[CAG & MCG](#)  
[Current Account](#)  
[SME - Deposits](#)  
[SME - Loans](#)  
[Information](#)

## Wealth Management

[SBI Wealth](#)  
[Products](#)



IMPORTANT: State Bank of India never ask for your user id / password / pin no, through phone call / SMSes / e-mails. Any such phone call / SMSes / e-mails asking you to reveal credential or One Time Password through SMS could be attempt to withdraw money from your account. NEVER share these details to anyone.

State Bank of India wants you to be secure. If you come across any such instances please inform us through e-mail to the following address- [spg.cms@sbi.co.in](mailto:spg.cms@sbi.co.in)

Site best viewed at 1420 x 768 resolution in Edge, Mozilla 40 +, Google Chrome 45 +

© Copyright State Bank of India (APM Id : Webs\_Info\_875)



# ALL INDIA UNION BANK OFFICERS' FEDERATION



(Regd. Under The Indian Trade Union Act 1926; Regd. No. TU/P-720) (Affiliated to A.I.B.O.C)

**Registered Address :**

Flat No. D- 201, Silver Oak Residences  
Hesaragatta Main Road, Bangalore - 560057

**Correspondence Address :**

AIUBOF Secretariat, No. 14, Sevakshetra,  
1st Floor, 1st Main Road, Gandhinagar, Bangalore - 560 009

✉ gsaiubof@gmail.com 🌐 www.aiubof.in 📞 All India Union Bank Officers' Federation 📧 @aiubof



Chairman  
Com. N V Sathyanarayana  
☎ +91 944 114 6691

President  
Com. Upendra Kumar  
☎ +91 991 830 1473

Working President  
Com. Sreenath Induchoodan  
☎ +91 994 777 3220

General Secretary  
Com. P. M. Balachandra  
☎ +91 974 178 7490

AIUBOF/GS/LET/264/2022-25

16<sup>th</sup> December 2024

To  
Ms. Manimekhalai  
The Managing Director & CEO  
Union Bank of India

Respected Madam,

**Sub: Request for Employer's Assumption of Tax Burden on Perquisites under Section 17(2) of the Income Tax Act, 1961**

We write to you with a matter of grave concern regarding the taxation of perquisites in light of the recent judgment of the Hon'ble Supreme Court in Civil Appeal No. 7708 of 2014 & Ors., which upholds the taxation framework as prescribed under Section 17(2)(viii) of the Income Tax Act, 1961, read with Rule 3(7)(i) of the Income Tax Rules, 1962. This judgment reaffirms the classification of certain benefits, such as interest-free or concessional loans extended to employees, as taxable perquisites.

Further, we draw your attention to the Bank's Information Circular No. 06920 dated 13<sup>th</sup> December 2024, wherein it is stated that the value of any benefit or amenity granted free of cost or at a concessional rate to a "specified employee" shall be treated as a perquisite under Section 17(2) of the Income Tax Act, 1961. The Circular specifies that the Bank is considering various employee benefits, such as housing loans, conveyance loans, clean overdrafts, festival advances, interest-free loans, and furniture loans, for the purpose of taxation. It has been intimated that a module is being developed in Union Parivar for this purpose, and TDS on these perquisites is proposed to be recovered from employee salaries during the period from December 2024 to March 2025.

While we acknowledge the Bank's compliance with statutory obligations, we wish to highlight the precedent set by other leading public sector banks, such as the State Bank of India (SBI) and Bank of Baroda, which have adopted an employee-centric approach. These institutions have assumed the tax burden on perquisites, thereby sparing their employees from financial strain and upholding principles of parity and fair treatment. We firmly believe that Union Bank of India, as a responsible and compassionate employer, should follow suit.

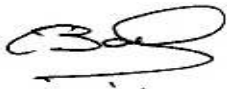
The rationale for this request is grounded in the broader welfare of employees. Absorbing the tax burden on perquisites would not only reflect the Bank's empathy and commitment towards its workforce but also significantly enhance employee morale and motivation. It is pertinent to note that the financial impact of passing on the tax burden to employees would be disproportionately severe, especially for those in the lower and middle-income brackets. Such an action could jeopardize the financial sustenance of employees and their families. It is a well-settled principle that employee welfare is intrinsic to the growth and stability of any organization, and we urge the Bank to consider this aspect with due seriousness.

It is also essential to draw attention to the provisions of Section 10(10CC) of the Income Tax Act, 1961. The section provides that where an employer pays the income tax on behalf of an employee concerning non-monetary perquisites, the tax so paid by the employer is exempt from the hands of the employee. This statutory provision offers a lawful mechanism for the Bank to assume the tax burden on perquisites, thereby ensuring that employees do not suffer a financial setback. It is also noteworthy that under this arrangement, the tax paid by the employer does not form part of the employee's taxable income.

We highlight the severe financial hardship employees will face if the Bank recovers TDS from salaries between December 2024 and March 2025. This reduction in take-home pay, alongside existing commitments, will nullify the recent wage revision benefits under the bipartite settlement and cause significant distress. We earnestly urge the Bank to bear the tax burden on perquisites, as done by other public sector banks. This step will enhance employee welfare and reinforce the Bank's reputation as a caring employer.

We look forward to your compassionate consideration of this critical issue and an expeditious resolution in the best interests of all stakeholders.

With warm regards



P.M. Balachandra  
General Secretary

Copy to

1. *Executive Director (HR) - for information and action*
2. *Chief General Manager (HR) - for urgent intervention and suitable action*



बैंक ऑफ़ बड़ोदा  
Bank of Baroda

BCC/BR/109/173

05-04-2017

CIRCULAR TO ALL BRANCHES / OFFICES IN INDIA.

Issued by Corporate Accounts & Taxation Department, BCC, Mumbai.

**RE: Taxability of perquisites and payment of tax thereon.**

We refer to our circular no. BCC:BR:108/564 dated 23-11-2016 in respect of Guidelines for compliance of Taxation matters – Deduction of Tax from Salary and TDS on other payments for financial year 2016-17 applicable for A.Y. 2017-18. A detailed guideline in respect of calculation of taxable salary and applicability of tax thereon was advised through captioned circular.

Vide captioned circular we have advised the operating units to add the value of following perquisites while calculating the taxable income of the employee:-

1. Furnished/unfurnished house without rent or at concessional rent.
2. Interest-free/concessional loan
3. Furniture rent
4. Perquisite in respect of motor car to executives with driver
5. Club fee reimbursed to officers
6. Gas subsidy to award staff.

So far, Bank has been including the value of perquisites in employees' salary and tax is being deducted as per the tax slab in which they fall. In this connection, it has been decided to bear the tax on the captioned perquisites for Financial Year 2016-17 onwards by the Bank and add the value of tax paid by Bank towards perquisite of employees to their taxable income for the purpose of calculation of tax liability of the employee as per provisions of Income Tax Act, 1961. Allowance/perquisite other than as stated above will be considered as part of salary for computation of taxable salary income of the employee as hitherto.

The amount of tax on perquisite value for the F.Y. 2016-17 will be refunded to the concerned employees with the salary payment for the month of April-2017 and for current financial year the amount of tax will be deducted in accordance with the above. Those who retired during F.Y. 2016-17, tax on perquisite will be reimbursed to their account directly and amount of tax paid by the Bank will be added to their taxable income for current financial year. In case of employees retiring during the current financial year, the income tax on perquisites will be calculated till the date of retirement only.

Branches/Offices are advised to compute the approximate amount of perquisite value of employees for the current financial year i.e. 2017-18 and update the same in payroll system so that the proportionate tax is deducted for salary as well as for perquisite value.

The detailed guidelines for deduction and computation of taxable salary for the financial year 2017-18 applicable to A.Y. 2018-19 will be issued separately.

Yours faithfully,

(Sanjay Kumar)  
General Manager  
(SP & PB) and CFO

Corporate Taxation Deptt, 2<sup>nd</sup> Floor, Baroda Corporate Centre, C-26, G-Block, Bandra Kurla Complex, Mumbai – 400 051, India.  
Telephone : 022-66985295 Fax:- 022-26526891

		<b>बैंक ऑफ बरोडा</b> Bank of Baroda	<b>बैंक ऑफ बरोडा</b> BANK OF BARODA	
कर्मचारी संख्या Employee No.	166659	स्थान Location	KUNDIYANA	शाखा Branch
नाम Name	Mr JHA AJIT	विभाग Department	KUNDIYANA	पैन PAN (Tax Regime)
श्रेणी Grade	MM3 Senior Manager	खाता संख्या Account No.	894404000000072	पीआरएन नं. PRAN
नियुक्ति की तारीख Date of Joining	06-11-2012	मासिक दिन- अदात दिन Month Days -- Unpaid Days	31.00 - 0.00 = 31.00	अंशदान का प्रकार Contribution Type
सेवानिवृत्ति की प्रस्तावित तारीख Proposed Retirement Date	31-07-2045	पिछले अदात दिन Prev. Unpaid Days	0	जन्मदिन करने की तारीख Generated on:-
मूल वेतन Basic Pay (र/Rate)	105280	वेतन अवधि Pay Period	January, 2025	द्वारा जनरेट Generated by:-

अर्जन Earnings		कटौती Deductions		वार्षिक वेतन Annual Salary
मूल BASIC	105280.00	पेशा कर PROF TAX	200.00	सकल वेतन GROSS SALARY
अवरुद्ध वेतनशुल्क STAG INCR	2980.00	आयकर INCOME TAX	29483.00	धारा 10 के तहत कुल छूट TOT EXEMPT U/S 10
मरंगाई भत्ता D.A	22147.00	व्योहार अग्रिम FEST ADV	16000.00	शेष BALANCE
नया विशेष भत्ता NEW SPCL ALLW	36714.00	सोसायटी अंशदान SOC SUBSCR	200.00	पेशा कर PROF TAX
सीसीए/प्रोजेक्ट क्षेत्र भत्ता CCA/PROJ AREA ALLW	1200.00	फर्नीचर किराया वसुली FUR RENT REC	76.00	अन्य कोई आय ANY OTH INC
पीएचएसी P.Q.P.	3425.00	यूनिफ़ॉर्म कटौती UNIFORM DED	200.00	सकल कर योग्य आय GRS TXBLE INC
लेखाबंदी भत्ता CLOSING ALLW	1500.00	किराया वसुली RENT REC	301.00	धारा 80सी SEC 80C
शिक्षण भत्ता LEARN ALLW	1019.00	कार ऋण साधारण CAR LN SIMP	6240.00	सेक्टर VI ए के तहत कटौती DED.CHAP VIA
		कार ऋण साधारण HSG REG LO	25125.00	निवल कर योग्य आय NET TXBLE INC
		एनपीएस अंशदान NPS	13383.00	कर राशि TAX AMT
				उपकर एवं अभिभार CESS & SURC
				धारा 89 तहत REL US89
				अब तक की गई कर कटौती TAX DED SO FAR
				अब तक परिलब्धियों पर प्रदत्त कर PQ TX PD BNK
				Claiming credit for TCS
				वार्षिक परिलब्धियां ANN PERQ
				बैंक द्वारा चालू माह की परिलब्धियों पर प्रदत्त कर CURR MTH
				PQ TX PD BK
<b>कुल TOTAL</b>	<b>174265.00</b>	<b>कुल TOTAL</b>	<b>91208.00</b>	
<b>अर्जन Earnings - कटौती Deductions = निवल वेतन Net Pay</b>			<b>174265.00 - 91208.00 = 83057.00</b>	

This is a computer generated payslip and does not require signature or any company seal.

P7



भारत सरकार का उपक्रम : A Government of India Undertaking  
Human Resources Department, Central Office, Mumbai

Staff Circular no.:8515

Date: 10.01.2025

To: All Branches/ Offices

**Sub: Introduction of Module in HRMS i.e. Union Parivar**  
**- TDS Applicability for Staff Loans/Advances**

This is in reference with Information Circular no. 06920-2024 dated 13.12.2024 issued by Taxation Cell on TDS applicability on interest free or concessional loan (Perquisites) to the Bank's staff - Implementation of Hon. Supreme Court Judgment.

In view of the aforesaid, a module named as 'Employee Perquisite Details' is introduced under HRMS i.e. Union Parivar under below mentioned navigation:

**Employee Self Service > Payroll > Employee Perquisite Details**

The detailed navigation of the module is enclosed. Further, in partial modification of Information Circular no. 06920-2024 dated 13.12.2024, Taxation Cell, Finance and Accounts vide their letter dated 08.01.2025 has informed 'not to consider festival advance and insurance premium for perquisite calculation'.

In view of the aforesaid, please note that TDS on perquisite and tax deduction on advances/loans except Festival Advance/Interest Free Loan as per Information Circular no. 06920-2024 dated 13.12.2024 will commence from January 2025. The method of calculation of perquisite value for advances/loans At Concessional Interest Rate is once again reiterated as under:

- a) Staff Housing Loan and Conveyance Loans are sanctioned at concessional rates and simple interest is being applied on outstanding principal amount in the account till the repayment of the principal (Sanctioned/disbursed amount) is complete.
- b) For perquisite value calculation, difference in the interest amount/the excess of interest payable will be calculated based on principal balance as on last day of the month. Difference in the interest amount/ the excess of interest payable shall be difference between existing applicable rates for Bank's staff loan and applicable SBI rate for general public under the respective schemes.




- c) For staff housing loan under moratorium, since there is no repayment of principal during the moratorium period, interest for each month shall be calculated on the same principal outstanding without reckoning any reduction in the principal amount.
- d) At the beginning of every Financial Year, Bank will obtain loan product wise SBI rate as applicable for general public. If the SBI rate changes during the year, the new rate will apply from the subsequent financial year.
- e) The SBI benchmark rate for requisite calculation for FY 2024-25 are reproduced as under:

Loan Type	SBI benchmark rate for requisite calculation for FY 2024-25
Housing Loan	9.15%
Vehicle Loan (4-wheeler)	8.85%
Vehicle Loan (2-wheeler)	12.15%
Overdraft (Personal Loan rate)	11.15%

Please note that the calculation of tax is being done on estimation basis as actual interest will be applied in March 2025. As such, actual calculation of tax on requisite will be calculated again in April 2025 and in case of any short deduction, the same will be recovered from the employees in April 2025.

Hence, all staff members are requested to verify the details/account wise requisite value reflected in the said page immediately, as the same will be added in their total income for tax projection/liability. For any query related to same, emails can be sent on [hrad@unionbankofindia.bank](mailto:hrad@unionbankofindia.bank).

All concerned are advised to bring the content of the circular in the notice of all employees.

  
(C. M. Minocha)  
Chief General Manager (HR)



भारत सरकार का उपक्रम A Government of India Undertaking

**MODALITIES OF MODULE**

**1. STEP 1 NAVIGATION**

**2. MAIN PAGE**

Account Type	Account	Interest on per Bank Norms	Interest on per SBI Benchmark rate	Perquisite Amount	View Details
STAFF HOUSING LOAN - SIMPLE					View Details
STAFF HOUSING LOAN - SIMPLE					View Details
OVERDRAFT - STAFF					View Details



UNION HOME

Page 1 of 6

P8




UNION BANK OF INDIA

Ref No: 5550880001769

Sanction Date: 21/10/2021

LETTER OF SANCTION

To:

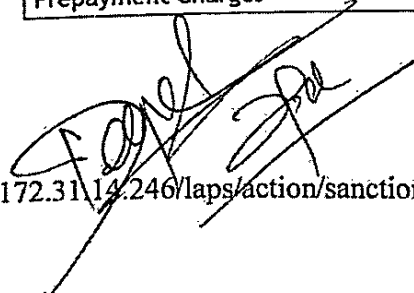
MR DEEPAK PAROTH  
MRS. APARNA C  
PAROTH HOUSE ANJOOR POST  
KUNNAMKULAM TRICHUR  
TRICHUR -680523  
KERALA

Dear Sir / Madam,

**SUB: UNION HOME SCHEME**Conveying of sanction Terms and conditions

We thank you for choosing Union Bank of India. With reference to your loan application dated 05/10/2021 we are pleased to inform you that we have sanctioned you a Term Loan facility, details of which are given below:

Applicant	MR. DEEPAK PAROTH
Co-applicant	MRS. APARNA C
Guarantor	
Type of loan	Term Loan
Sanction Amount (in Rs.)	Rs. 5800000.00
EMI Amount	Rs. 25439.00
Purpose of loan	purchase of land and construction of house
Loan Tenure	360 (in months)
Moratorium Period	18
Interest Type	Slab
Rate of Interest Applicable	6 %
Address of Property offered as security	1. 233/3-1-1 anjur village, kunnamkulam ,KUNNAMKULAM - 680523 ,KERALA.
Processing charges	Rs. 0.00
Prepayment Charges	

  
[http://172.31.14.246/laps/action/sanction\\_unionhomenew.jsp?hidBeanId=do...](http://172.31.14.246/laps/action/sanction_unionhomenew.jsp?hidBeanId=do...) 21/10/2021

UNION HOME

Page 2 of 6

Insurance		
Stamp Duty, taxes, levies and other statutory charges		
Cost of the Project	Loan Amount	Margin brought by the borrower/s
Rs. 11540000.00	Rs. 5800000.00	Rs. 5740000.00

The aforesaid sanction of the loan will be subject to the following terms and conditions:

1. The rate of interest will be linked to EBLR. The applicable spread over EBLR is 0.0 % EBLR as on date of first disbursement will be applicable. This EBLR is subject to reset at least once in 3 months or any other frequency presented by RBI.
2. The loan amount with margin money will be released directly in the name of the Builder/Contractor / Supplier of material by way of a Demand Draft / Pay Order / NEFT / RTGS depending on the progress of work / construction. In case of Outright Purchase the amount will be paid directly to the seller by DO/PO/NEFT/RTGS after execution of the Sale Deed.
3. The following security documents are to be executed at the time of disbursement of loan:
  - 1) UNSTAMPED UNDERTAKING FROM NOMINEE TO APPROPRIATE TERMINAL BENEFITS ( PROVIDENT FUND) ANNEXURE-III
  - 2) AD-13 - MEMORANDUM OF DEPOSIT OF TITLE DEED (EQUITABLE MORTGAGE) (FOR INDIVIDUALS)
  - 3) SD-21F- DP Note - FOR INDIVIDUALS & PROPRIETARY CONCERNS
  - 4) UNSTAMPED UNDERTAKING FROM NOMINEE TO APPROPRIATE TERMINAL BENEFITS ( GRATUITY FUND) ANNEXURE-IV



4. Loan EMI to be recovered by NACH / Standing instruction from operative savings a/c, no collection by way of cash / cheque for recovery of EMI is permitted.
5. A penal interest @ 2% will be levied on the overdue installment if any.
6. Insurance of the building/house/flat besides covering personal accident benefit is to be provided at your end.
7. Equitable / Simple Mortgage of the property purchased / constructed with Bank finance along with notarized declaration to be created in accordance with prevailing law of the state.
8. Interest charged during moratorium to be serviced every month. In case of failure to service the interest regularly every month, the interest accrued during the moratorium will be added to the principal amount and EMI will be re-fixed accordingly.
9. Break period interest to be paid up front.
10. All other terms and conditions as applicable to the scheme from time to time.
11. This sanction will be valid for a period of 6 months from the date of Sanction.
12. The Bank has every right to modify/ add/ delete any of the terms and conditions during the currency of loan at its discretion, without prior intimation.

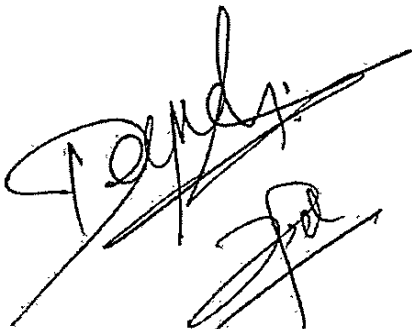
**Special Terms and Conditions: -**

Pre Disbursement		
S.No	Terms and Condition जयते	Compliance

We now request you to convey your acceptance (or) otherwise of the above terms and conditions and call on us any working day to enable us to disburse the loan after proper documentation.

For Union Bank of India

CHIEF / BRANCH MANAGER



यूनियन बँक Union Bank  
OF INDIA

UNION BANK OF INDIA

Ref No: 1351310006329

Sanction Date: 12/06/2023

LETTER OF SANCTION

To:

MR DEEPAK PAROTH  
MS. APARNA C  
PAROTH HOUSE ANJOOR POST  
KUNNAMKULAM TRICHUR,  
TRICHUR -680523  
KERALA

Dear Sir / Madam,

**SUB: UNION HOME SCHEME**

Conveying of sanction Terms and conditions

We thank you for choosing Union Bank of India. With reference to your loan application dated 03/06/2023 we are pleased to inform you that we have sanctioned you a Term Loan facility, details of which are given below:

Applicant	MR. DEEPAK PAROTH	
Co-applicant	MS. APARNA C	
Guarantor		
Type of loan	Term Loan	
Sanction Amount (in Rs.)	Rs. 2970000.00	
EMI Amount	Rs. 15968.00	
Purpose of loan	For completion of Construction of house	
Loan Tenure	360 (in months)	
Moratorium Period	0	
Interest Type	Slab	
Rate of Interest Applicable	5.5 %	
Address of Property offered as security	. . property having an extent 9.28 Ares (22.922 cents) of land in Rs NO. 233/3-1-1 of Anjur Village, Kunnamkulam Taluk, Thrissur District with residential building jointly owned by applicants Mr. Deepak Paroth & Ms Aparna C ,THRISSUR - 682523 ,KERALA.	
Processing charges	Rs. 0.00	
Prepayment Charges		
Insurance		
Stamp Duty, taxes, levies and other statutory charges		
Cost of the Project	Loan Amount	Margin brought by the borrower/s
Rs. 3300000.00	Rs. 2970000.00	Rs. 330000.00

*[Handwritten signatures]*

The aforesaid sanction of the loan will be subject to the following terms and conditions:

1. The rate of interest will be linked to EBLR. The applicable spread over EBLR is 0.0 % EBLR as on date of first disbursement will be applicable. This EBLR is subject to reset at least once in 3 months or any other frequency presented by RBI.
2. The loan amount with margin money will be released directly in the name of the Builder Contractor / Supplier of material by way of a Demand Draft / Pay Order / NEFT / RTGS depending on the progress of work / construction. In case of Outright Purchase the amount will be paid directly to the seller by DO/PO/NEFT/RTGS after execution of the Sale Deed.
3. The following security documents are to be executed at the time of disbursement of loan:
  - 1) AD 02(A) LETTER OF GENERAL LIEN AND SET OFF
  - 2) SD-24 Interest Agreement For EBLR based loans
  - 3) UNDERTAKING TO CIBIL BY HOME LOAN BORROWER
  - 4) AD-09 - LETTER OF CONTINUITY
  - 5) SD-11 - HOUSING LOAN AGREEMENT
  - 6) Extention of equitable mortgage
  - 7) DP Note - Not Applicable
4. Loan EMI to be recovered by NACH / Standing instruction from operative savings a/c, no collection by way of cash / cheque for recovery of EMI is permitted.
5. A penal interest @ 2% will be levied on the overdue installment if any.
6. Insurance of the building/house/flat besides covering personal accident benefit is to be provided at your end.
7. Equitable / Simple Mortgage of the property purchased / constructed with Bank finance along with notarized declaration to be created in accordance with prevailing law of the state.
8. Interest charged during moratorium to be serviced every month. In case of failure to service the interest regularly every month, the interest accrued during the moratorium will be added to the principal amount and EMI will be re-fixed accordingly.
9. Break period interest to be paid up front.
10. All other terms and conditions as applicable to the scheme from time to time.
11. This sanction will be valid for a period of 6 months from the date of Sanction.
12. The Bank has every right to modify/ add/ delete any of the terms and conditions during the currency of loan at its discretion, without prior intimation.

**Special Terms and Conditions: -**

Pre Disbursement		
S.No	Terms and Condition	Compliance

We now request you to convey your acceptance (or) otherwise of the above terms and conditions and call on us any working day to enable us to disburse the loan after proper documentation.

For Union Bank of India

CHIEF / BRANCH MANAGER

For UNION BANK OF INDIA

Kuennankulam Branch



RLP THRISSUR

Ref: RLP:TSR:1109/2023-24

Date: 18.03.2024

**STAFF HOUSING LOAN PROCESS NOTE / SANCTION ADVICE**

PROPOSAL FOR:	Sanction of Additional Staff Housing Loan limit of Rs.2.00 lakhs in favour of Mr. DEEPAK PAROTH (522426) working as Senior Manager. (Branch Head) at Puzhakkal Branch and Ms. APARNA C (636337) working as Asst Manager at Mukkilapeedika (Vadakkekka) Branch. A/c with Kunnamkulam Town Branch for installation of Rooftop solar panels.
---------------	--

1.	Name	Mr:Deepak Paroth (Applicant/Staff)	Ms Aparna C (Co-applicant/Spouse)
2.	PF No.	522426	636337
3.	Date of Birth/ Age	24.10.1986, 37 Years & 4 months	31/07/1991, 32 Years 07 Months
4.	PAN/Aadhaar	BHMPP5150Q 3740 7560 8738	BMGPA0278M 8199 1258 3955
5.	Address	Paroth House, Anjoor P O, Kunnamkulam, Thrissur-680523	Paroth House, Anjoor P O, Kunnamkulam, Thrissur-680523
6.	Date of Joining	02.11.2010, 13 Years	02.06.2014, 9 years
7.	Date of Retirement	31.10.2046, 23 Years	31/07/2051, 28 years.
8.	Designation	Senior Manager	Assistant Manager
9.	Present Posting	Puzhakkal Branch	Mukkilapeedika (Vadakkekka) Branch
10.	ER Clearance	Obtained dated 18.03.2024	Obtained dated 18.03.2024
11.	Recommended Branch/ Branch from which the applicant desires to avail the loan	<b>Kunnamkulam Town Branch:</b> The applicant Mr.Deepak Paroth and his wife, Ms Aparna C approached Kunnamkulam Branch for additional staff housing loan of Rs.2.00 Lakhs for installation of rooftop solar panel. The applicants have submitted quotation for installation of roof top solar panel. Total The total price for supply, erection, installation and commissioning of the proposed solar power plant is Rs 3.85 lacs. They had availed staff housing loan 550806810000014 of limit of Rs 40.00 lacs in the name of Ms Aparna C and 550806810000015 of limit Rs.58.00 lacs in the name of Deepak Paroth sanctioned on 21.10.2021 with present outstanding Rs 101.07 lacs (40.78-60.29) and additional staff housing loan 550806810000016 of limit Rs 29.70 on 16-06-2023 with present o/s Rs 29.01 lacs with Kunnamkulam Town Branch.	
12.	Location of the property	Paroth House, Anjoor P.O, Kunnamkulam, Thrissur-680523	
13.	Area of the plot	Total 9.28 Ares of land in Resy no 233/3-1-1 in Anjur village, Kunnamkulam Taluk, Thrissur District.	
14.	Plinth Area/ Carpet Area of the House/Flat	Total 3359 sqft	
15.	Details of Plan Approval/Building Permit	Building permit no: 448/21-22 dated 02.03.2022 is issued in the name of Mr.Deepak Paroth and Ms Aparna C valid till 01.03.2027 by Kunnamkulam Municipality for construction of residential building in Re sy no. 233/3-1-1. Total permitted area is 316.50 Sqm. RLP Observation: Re Sy No: mentioned in the permit is tallying with Re.Sy	

KUNNAMKULAM TOWN Branch/ RLP Thrikkur  
Ms Aparna C

No: in Tax receipt and Possession certificate.  
Approved Plan also submitted

New, Future life is 60 years after completion.

16. Age of the Building		(Rs. In lakhs)						
17. Details of Credit facilities availed by the Staff		Deepak Paroth						
		Account No.	Facility	Limit	O/s as on 18.03.2024	Overdue as on 18.03.2024	Date of opening	
		550806810000016	Staff housing loan	29.70	29.01	nil	16-06-2023	
		550806810000015	Staff housing loan	58.00	60.29	Nil	21.10.2021	
		402506830000010	Conveyance loan	18.00	18.00	Nil	06.06.2015	
		337104020041012	Staff OD	10.00	9.79	Nil	08-05-2023	
		681505030001072	CCAGR	3.00	3.00	Nil	24.05.2023	
		681506540011013	Gold loan	3.00	3.13	nil	17.05.2023	
		Aparna C						
		Account No.	Facility	Limit	O/s as on 07.06.2023	Overdue as on 17.12.2022	Date of opening	
		550806810000014	Staff housing loan	40.00	40.78	Nil	21.10.2021	
		038924020000001	Staff OD	7.50	7.31	Nil	13-09-2023	
681505030001062	CCAGR	3.00	3.00	Nil	17.05.2023			
18. Purpose of loan	Sanction of additional Staff Housing Loan of limit Rs.2.00 Lakhs in favour of Mr. Deepak Paroth & Ms Aparna C for installation of Rooftop solar panel. Total project cost: Rs.3.85 Lakhs							
19. Amount Requested	Rs.2.00 Lakhs							
20. Interim Security	NA							
21. Security	Extension of EM of property having an extent 9.28 Ares (22.922 cents) of land in Rs NO. 233/3-1-1 of Anjur Village, Kunnamkulam Taluk, Thrissur District with residential building which is valued Rs.105.92 lacs. The subject property is jointly owned by applicants Mr. Deepak Paroth & Ms Aparna C as per sale deed No:1546/2021 dated 25.10.2021. EM already created at Kunnamkulam branch vide EM no 538 dated 01.01.2022. Cersal Asset ID is 400058275248.							
22. Legal Opinion Details	Name of the Panel Advocate			Adv. Laju Lazar M				
	Date of legal opinion			04.12.2021				
Panel Advocate Laju Lazar M vide legal opinion dated 04.12.2021 has certified that Mr Deepak Paroth & Ms Aparna C has got clear, marketable title, and possession over 9.28 Ares (22.922 cents) of land with residential building in Resy no 233/3-1-1 situated in Anjur Village, Kunnamkulam Taluk, Thrissur District by way of per sale deed No:1546/2021 dated 25.10.2021 of SRO Kunnamkulam. The property offered as security is non-agricultural in nature and the Bank								

		Staff Housing Loan Mr. Deepak Paroth & Ms Aparna C Kunnamkulam Town Branch/ RLP Thrissur				
		has absolute right to proceed against the property under the provisions of SARFAESI ACT, 2002. He has certified that valid EM can be created by depositing original documents.				
23.	Valuation Details	Name of the Approved Valuer		Nidhin T S		
		Date of Valuation Report		27.05.2023		
		Fair Market Value as per Valuation report		132.40 Lakhs		
		As per Valuation report, the value of the property is as follows				
		a) Fair Market Value	- Rs. 132.40 lakhs			
		b) Net Realizable value	- Rs. 119.16 lakhs			
		c) Distress Value	- Rs. 105.92 lakhs			
		Remarks: The property is located in Semi Urban Middle class Residential area within Kunnamkulam Municipality limit. The property is accessible by Private mud road. Residual age of the building is 60 years after completion. Mr Jeevan O V, Branch Manager, Kunnamkulam Town Branch had accepted a valuation of Rs.132.40 Lakh in the valuation report dated 27.05.2023.				
24.	Due Diligence of the property	Due diligence of the property has been conducted by Mr. Jeevan O V, Branch Manager, Kunnamkulam Branch on 15.03.2024 and the report reads satisfactory. He has commented that all amenities are available nearby, the property is accessible by four-wheeler and is easily marketable. Boundaries of the property East: Property of Mr. Manoj North: Property of Mrs Karthiayani and Mrs Sathidevi West: Property of Mr Hussain and Mr Abdul Rahman South: Way				
25.	Pre Sanction report	PreSanction inspection has been conducted by Branch Manager, Kunnamkulam Town Branch on 18.03.2024 and found no adverse remarks on the said proposal.				
26.	Due diligence of applicants	Due diligence of the applicants has been conducted by Branch Manager Puzhakkal Branch on 15.03.2024 and the report reads satisfactory. The applicant Mr. Deepak Paroth is our staff, working as Branch Head (Senior Manager) at our Puzhakkal Branch. He has completed 13 years of service and has 23 years of service left. He is drawing a gross monthly salary of Rs 1,39,767/- as per the salary slip for the month of February, 2024. Mrs. Aparna C, Spouse of the applicant has joined the proposal as co-applicant. She is our staff, working as Assistant Manager in our Mukkilapeedika (Vadakkakkad) Branch. She is drawing a gross monthly salary of Rs.96,160 as per the salary slip for the month of February 2024.				
27.	Credit Report	(Rs. In lakhs)				
		Name	Total Assets	Total Liabilities	Net-worth	Credit Report dated
		Mr. Deepak Paroth	149.00	81.50	67.50	15.03.2024
		Ms Aparna C	163.70	63.50	100.20	15.03.2024
28.	Project cost:	Quotation for installation of roof top solar panel obtained from V Guard. The total price for supply, erection, installation and commissioning of the proposed solar power plant is Rs 3.85 lacs.				
29.	Margin	1.85 Lakhs (48.05%) (min. stipulated margin is 10% for staff loans)				
30.	Rate of Interest	5.50% (Simple) For Staff Housing Loans up to Rs.40.00 lacs 6.00 % (simple) For Staff Housing Loans above Rs.40.00 lacs {ROI as stipulated in SC No 8161 dated 04/01/2024}.				



Staff Housing Loan Mr. Deepak Paroth & Ms Aparna C  
Kunnankulam Town Branch/ RLP Thrissur

		The CIBIL consumer reports of the applicant and co-applicant was generated and fetched the following details	
31.	CIBIL report of the applicant	Name	Remarks
		Mr. Deepak Paroth	The CIBIL report of Mr. Deepak Paroth dated 18.03.2024 shows a credit vision /personal loan score of 769/839 with history of total 32 accounts, of which 18 accounts are closed. 14 accounts with outstanding Rs.163.96 Lakhs, are regular.
		Ms Aparna C	The CIBIL report of Mrs. Aparna C dated 18.03.2024 shows a credit vision /personal loan score of 753/797 with history of total 11 accounts of which 6 accounts are closed. 5 accounts with outstanding Rs.139.98 Lakhs are regular.
32.	Delegated Authority	As per SC No.8161 dated 04.01.2024, RLP Head can sanction staff loans for employees in all cadres as per their delegation for sanction of housing loans under Housing loan scheme for general public.	

33.	Calculations for arriving at Quantum of loan based on the salary slip for February 2024 of Mr. Deepak Paroth & Ms Aparna C.			
	Particulars	Deepak Paroth	Aparna C	Total
A.	Basic Pay	76010.00	51900.00	
B.	Gross monthly income	139767.03	96160.00	2,35,927.03
C.	Tax Deduction	24493.00	9721.00	34,214
D.	Other Salary deductions	69826.09	40655.67	110481.76
E.	Existing housing loan EMI		833.33	833.33
F.	Less: OD Interest	5833.33	4375.00	10,208.33
G.	Net Salary	63320.49	46648.78	
	<p><b>Note:-</b> As per IC No.7140 dated 27.03.2020 for loan amount availed above 20 years repayment the recovery of principal and interest shall be in the ratio of 2:1. In the instant case, the applicant has sought no holiday period. The branch has requested for a repayment tenor upto 360 months including nil moratorium period. Hence the repayment of principal shall be in 240 Months principal payment from next month and interest repayment in the next 120 months. The income of Applicant Mr Deepak Paroth is sufficient for availing present request of additional staff housing loan of Rs 2.00 lacs, hence only the same is considered for calculation of eligibility.</p>			
H.	Monthly Sustenance amount (30% on gross salary) (In case if Union Bank of India Staff co-operative credit society loan is availed by the applicant sustenance amount to be taken is 25% gross of gross salary. In the instant case we are taking 25%)	70778.10		
I.	Monthly installment towards recovery of proposed Housing Loan of Rs.2,00,000/240	833.33		
J.	Salary deductions	1,54,904.09		
K.	Net Monthly Take Home Pay after deduction of Proposed Housing Loan Installment and other salary deductions	80,189.61		
L.	Percentage of resultant Take Home Pay to Gross Salary [after deduction of proposed Housing Loan Installment] (Minimum 30%)	33.98%		

Staff Housing Loan Mr. Deepak Paroth & Ms Aparna C  
Kunnamkulam Town Branch/ RLP Thrissur

M.	Eligibility based on margin (90% of Project cost) 90% x Rs.3.85 lakhs However as per IC Maximum loan amount that can be sanctioned for installation of roof top solar is Rs 2.00 lacs	2.00 Lakhs
N.	Maximum Permissible Amount for Officer up to Scale 4	Rs.100.00 Lakhs
O.	Loan amount requested	Rs.2.00 Lakhs
P.	Eligibility as per Income (Total deductions including proposed HL installment shall be max. 70% of Gross Income)	70% of Total Gross Salary (combined) - Rs. 1,65,148.92 Less: Existing deductions (combined) - Rs.1,54,904.09 Available amount for EMI - Rs.10244.83 (A) Max. Loan eligible based on Salary - 240 x (A) = Rs.24.58 Lakhs
Q.	Eligible Quantum of Loan (Lower of M, N, O & P))	Rs.2.00 Lakhs
R.	Amount recommended	Rs.2.00 Lakhs

- In case if both husband and wife are working in our Bank, for grant of staff housing loan, they will be permitted to avail Staff Housing Loan in their individual capacity as per their eligibility/repayment capacity.

**Compliance with Staff Housing Loan Guidelines for arriving at the eligible amount:**

SC 07140 dt 27.03.2020 - Staff circular SC 07391 dt 18.03.2021 - Staff circular SC 07491 dt 01.09.2021 - Staff circular SC 08161 dt 04.01.2024 - Staff Circular	Status of compliance
As per staff circular, eligible loan amount is 90% of cost of construction/project cost or Rs.3.85 Lakhs whichever is lower for Officer up to Scale 4	Complied
Existing ratio for purchase of land/construction is 60:40	NA
LTV norms (90% for construction /Purchase of built house & 60% for purchase of plot)	Complied

**REPAYMENT TERMS:**

Principal amount shall be repaid in first 240 months with monthly installment of Rs.833.33/- from next month onwards and interest in the next 120 months on completion of 240 months (2:1 ratio). Total repayment tenor 360 months (no moratorium).

**RECOMMENDATIONS:**

In view of the above, as the requirement of the staff is genuine and based on branch recommendations, we recommend for sanction of the following credit facilities on the terms and conditions mentioned thereunder.

Name of the Applicant	Mr. Deepak Paroth & Ms Aparna C
Facility	Staff Housing Loan
Limit	Rs.2.00 lakhs
Purpose	Additional staff housing loan for installation of roof top solar panel
Rate of Interest	5.50% (Simple) For Staff Housing Loans up to Rs.40.00 lacs 6.00 % (simple) For Staff Housing Loans above Rs.40.00 lacs
Margin (10% of the project cost)	Rs.1.85 Lakhs (48.05%)

Staff Housing Loan Mr. Deepak Paroth & Ms Aparna C  
Kunnamkulam Town Branch/ RLP Thrissur

Security	Extension of EM of property having an extent 9.28 Ares (22,922 cents) of land in Rs NO. 233/3-1-1 of Anjur Village, Kunnamkulam Taluk, Thrissur District with residential building which is valued Rs.105.92 lacs.
Repayment period	Principal amount shall be repaid in first 240 months with monthly installment of Rs.833.00/- from next month onwards and interest in the next 120 months on completion of 240 months (2:1 ratio). Total repayment tenor -360 months (no moratorium).

#### Terms and Conditions:

- 1) Principal amount shall be repaid in first 240 months with monthly installment of Rs.833.33/- from next month and interest in the next 120 months (2:1 ratio). Total repayment tenor -360 months (no moratorium).
- 2) Branch to ensure disbursement of loan component for installation of Roof top Solar panel only.
- 3) Branch to ensure that the Staff Housing loan installments to be deducted directly from the salary of the applicant through Union Parivar.
- 4) Branch to take declaration that staff & spouse together does not own more than 2 houses.
- 5) Branch to ensure conduct of Credit Process Audit as per extant guidelines.
- 6) CERSAI search to be carried out before the disbursement of the loan amount and ensure that the property is free from mortgage to other bank/FI/NBFC.
- 7) Branch should ensure that the registration of security should be done with CERSAI within 30 days of mortgage as per guidelines and our lien to be noted with Village Office / SRO, as applicable. Relevant CERSAI charge should be recovered. CERSAI ID to be noted in EM register.
- 8) On completion of construction/or after possession of the house/flat, it should be sufficiently insured by the employee at his cost against fire or any other natural calamity for the full value of the house. The insurance policy inclusive of the Bank's clause should be deposited with the bank and the premium receipts should be produced for inspection. The insurance should be kept alive till the liquidation of advance.
- 9) All loan accounts existing and to be availed in future should be controlled in one Customer ID.
- 10) Branch should ensure that, in future if any credit facility is sanctioned to the applicants, sustenance amount as applicable should be maintained.
- 11) Vetting of the documents to be completed.
- 12) Branch to ensure that documentation formalities are completed before the disbursement of the loan.
- 13) Following documents are to be obtained from the applicant.
  - Demand Promissory Note for full amount of loan.
  - Execute all documents as required by the Bank from time to time and the Nominee of the employee for Provident fund shall join as Co-borrower for executing the documents.
  - Obtain an undertaking from the applicant(s) on a requisite stamp paper as may be required by the Bank, from time to time to create a lien on Provident Fund & Gratuity
  - Equitable mortgage of the Property shall be created in favour of the Bank
  - A letter of undertaking not to let or sub-let or part with the possession of the said property or any part thereof or to transfer, assign, create any encumbrance whatsoever or deal with or to dispose of the same in any manner whatsoever and not to induct anyone therein without the prior consent of the Bank.
- 14) As the loan duration is beyond the staff's normal retirement date and as the employee is under NPS, the staff shall maintain her Savings Bank Account with our bank even after the retirement and the NPS lump-sum withdrawal and NPS annuity should be credited to the said account. Repayment for Staff Housing Loan should be from the same account. An undertaking to this effect shall be obtained from the staff/ PF nominee.
- 15) Branch should ensure that all documents should be signed properly by applicant(s)/guarantor, genuineness of the documents should be attested by branch officials in order.

- Staff Housing Loan Mr. Deepak Paroth & Ms Aparna C  
Kunnankulam Town Branch/ RLP Thrissur
- 16) Letter of authority to the Bank to appropriate the superannuation benefits i.e., Gratuity, PF, Pension or any other amount towards the liability under Housing loan if the loanee ceases to be in the service of the bank, to be obtained. If the aforesaid amount falls short of the outstanding in the loan account with interest thereon, his/her legal heirs shall be liable to make good the shortfall, in the event of death of the loanee.
  - 17) Unstamped undertaking in duplicate from the nominee/s appointed under PF/Gratuity Fund Rules to appropriate the terminal benefits towards the liability under Housing loan, to be obtained.
  - 18) PF nominee of the applicant will have to join as co-applicant before the disbursement of the loan as per SC No. 8161 dated 04/01/2024.
  - 19) If the employee takes VRS/resignation, he/she has to liquidate the entire staff housing loan outstanding or the loan outstanding can be considered for being taken over into a Union Home loan by the competent authority, on a case to case basis, as per eligibility and terms and conditions of the Union Home loan scheme.
  - 20) Furnishing wrong or false information or certificates and default will render the employee concerned liable for such penalties as may be levied for breach of discipline and misconduct and the entire loan outstanding and interest will become recoverable forthwith.
  - 21) An irrevocable undertaking conveying her consent to be abided by all conditions / provisions contained in Staff Circular No 8161 dated 04/01/2024 based on which this Housing Loan is sanctioned.
  - 22) Branch to obtain declaration from the employee that the first property shall not let for any other commercial activities and shall not commit any act so as to jeopardize or prejudice the rights of the bank.
  - 23) If the employee sells or rents out or parts with the house/flat/apartment/property acquired by him/her with the help of the loan without the prior permission of the management, he/she shall be liable for disciplinary action besides charging interest at commercial rate of interest on the entire outstanding balance in the housing loan account. At the discretion of the management the entire amount of loan along with accrued interest can be recalled by the bank.
  - 24) Debit Balance Confirmations should be obtained periodically / regularly.
  - 25) If applicant fails to avail the loan granted to her within a period of six months from the date of Sanction Advice, the same shall lapse.
  - 26) An acknowledgement to be obtained from the applicants for having accepted the terms & conditions as per the sanction advice and should be held on record.
  - 27) Branch should confirm compliance of sanction stipulations within 10 days of disbursement of loan.
  - 28) All other terms & conditions as mentioned in SC No.7140 dated 27.03.2020 and in SC No.8161 dated 04/01/2024, 2564-2021 dated 05/04/2021 to be strictly followed by the branch.
  - 29) Other conditions as per Bank's guidelines and circulars issued from time to time.

Recommended for Sanction

Divya G  
Asst Manager

मंजूर Sanctioned / RE Declined

Maneesh Mohan

आरएलपी प्रमुख RLP Head - आरएलपी त्रिस्सूर RLP Thrissur



## Union Bank Officers Association (Kerala State)



Affiliated to AIUBOF & AIBOC, Reg. No. 124/87 (Re-Reg. No. TU19457)

Registered Office :

Thana, 2nd Floor, R J Madhul Towers  
Perovorkada P.O, Thiruvananthapuram-695005

✉ [gs@ubook.in](mailto:gs@ubook.in)

🌐 [www.ubook.in](http://www.ubook.in)

Administrative Office :

C/o. Regional Office (Trivandrum), Third Floor, Union Bank Bhavan,  
Opp. Secretariat, Statue, Thiruvananthapuram - 695001

🌐 <https://www.facebook.com/uboa.kerala>



Letter No: UBOAKS/102/2025

Ernakulam  
27<sup>th</sup> January 2025

To  
The Managing Director & CEO  
Union Bank of India  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021

Respected Sir / Madam,

**Subject: Representation Regarding Tax Liability on Perquisite Value of  
Concessional Loans Extended to Employees**

Enclosures:

1. Copy of AIUBOF Representation (Communication No. AIUBOF/GS/LET/264/2022-25).
2. Copy of Bank of Baroda Circular (BCC/BR/109/173 dated 5th April 2017).

We, the undersigned, are writing to bring to your esteemed attention an issue of critical importance that directly impacts the financial well-being and survival of officers and their families employed with Union Bank of India. The matter arises in connection with the judgment delivered by the Hon'ble Supreme Court of India in Civil Appeal No. 7708 of 2014, dated 7th May 2024, which upheld the constitutional validity of Section 17(2)(viii) of the Income Tax Act, 1961, and Rule 3(7)(i) of the Income Tax Rules, 1962.

Notwithstanding the representation submitted by the All India Union Bank Officers Federation (AIUBOF) vide communication No. AIUBOF/GS/LET/264/2022-25, dated December 16, 2024, wherein the Federation sought parity with the practice adopted by Bank of Baroda by requesting the Bank to assume the tax liability arising out of the perquisite value of interest-free or concessional loans as detailed in Information Circular No. 06920 dated December 13, 2024, the Bank, in disregard of the Federation's plea, decided to impose the said perquisite tax liability upon the employees, effectuating deductions directly from their salaries as per Staff Circular No. 8515, dated January 10, 2025.



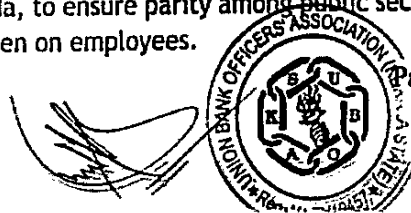
Page 1 of 3

In light of the aforementioned judgment and subsequent Information Circular No. 06920 & SC No 8515, issued by Union Bank of India, we submit this representation for your kind and immediate intervention to address the severe implications of the said circular on the employees of the bank.

1. While the Hon'ble Supreme Court has upheld the constitutionality of Section 17(2)(viii) and Rule 3(7)(i), it is pertinent to note that the judgment does not address the applicability or calculation methodology of the perquisite value. Rule 3(7)(i) pegs the benchmark for concessional loans to the Prime Lending Rate (PLR) of the State Bank of India (SBI). However, it fails to consider that SBI applies significant concessions to its product rates based on customer categories, such as government employees, PSU employees, defense personnel, etc. Consequently, the rates published on the SBI website are not the actual lowest rates offered to the public and should not be applied uniformly to calculate the perquisite value for TDS deductions.
2. The circular's retrospective application of tax liability on previously sanctioned loans is a breach of contractual obligations. At the time of availing housing, vehicle, or staff overdraft loans, the employees were not informed that the concessional interest rates extended by the bank would be treated as taxable perquisites in the future. This retroactive imposition of tax liability creates a significant financial burden on employees, reducing their net salary and adversely impacting their ability to meet existing loan repayment obligations.
3. Bank of Baroda, a peer public sector bank, has absorbed the tax liability on perquisites since FY 2016-17. Their circular (BCC/BR/109/173 dated 5th April 2017) clearly states that the bank decided to bear the tax liability. As both banks are governed by the same statutes, regulations, and directives of the Department of Financial Services (DFS), such unequal treatment creates disparity among employees of public sector banks and undermines the principle of equity.
4. The deduction of TDS from employees' salaries for perquisite value has led to severe financial hardship. Many officers are left with negligible take-home salaries, making it challenging to sustain their families, pay school fees, and manage essential expenses. Additionally, the perquisite value of residential accommodations, if taxed similarly, will further exacerbate the financial burden, leaving employees with insufficient salary to meet their tax obligations.

In view of the above, we humbly request the following:

1. Union Bank of India shall absorb the additional tax liability on perquisite value, as done by Bank of Baroda, to ensure parity among public sector banks and alleviate the financial burden on employees.



2. The bank shall refrain from applying the tax liability retrospectively to existing loans. The applicability should be limited to new loans sanctioned after due communication and acknowledgment from employees regarding the impact on their taxable income.
3. While calculating the perquisite value, the bank shall rely on the effective interest rates offered by SBI after concessions, rather than the published product rates, to ensure fairness and accuracy in TDS computation.

We hereby respectfully request for the revocation of the Information Circular No. 06920 dated 13<sup>th</sup> December 2024 and SC No. 8515 dated 10<sup>th</sup> January 2025 and stop the deduction of Tax Deducted at Source (TDS) with respect to the additional perquisite value attributed to concessional loans and to issue orders accordingly. We also request your good self to keep the above said circulars in abeyance till it is revoked, as requested for.

Warm regards



Sreenath Induchoodan  
General Secretary



Copy to

1. *Secretary, Department of Financial Services*  
6A, 3rd floor, Jeevan Deep Building  
Sansad Marg, New Delhi
2. *The Chief General Manager (HR)*  
Human Resources Department  
Union Bank of India  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021
3. *Deputy General manager*  
Taxation Cell, Finance & Accounts  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021

P10

From,

Deepak Paroth  
Emp No 522426  
Senior Manager, Union Bank of India

To,

The Managing Director & CEO  
Union Bank of India  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021

Respected Madam,

**Subject: Representation Regarding Deduction of Additional Tax on Perquisite Value of Concessional Loans and Request to Absorb Tax Liability in Accordance with Practice of Bank of Baroda**

Enclosures:

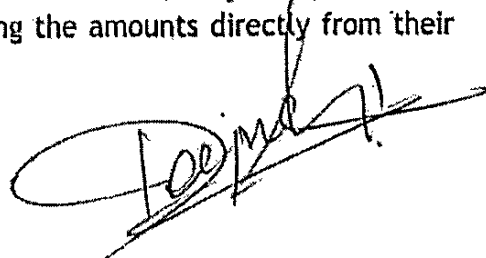
1. Copy of AIUBOF Representation (Communication No. AIUBOF/GS/LET/264/2022-25).
2. Copy of Bank of Baroda Circular (BCC/BR/109/173 dated 5th April 2017).

Respected Madam,

I, Deepak Paroth, an officer of Union Bank of India (Employee No. 522426), and a member of the Union Bank Officers Association, Kerala State, affiliated with the All India Union Bank Officers Federation (AIUBOF), submit this representation for your immediate and kind consideration.

The grievance pertains to the deduction of additional tax on the perquisite value of concessional loans from my salary. These deductions arise from the judgment delivered by the Hon'ble Supreme Court of India in Civil Appeal No. 7708 of 2014, dated 7th May 2024, which upheld the constitutional validity of Section 17(2)(viii) of the Income Tax Act, 1961, and Rule 3(7)(i) of the Income Tax Rules, 1962.

Despite the detailed representation submitted by AIUBOF (vide Communication No. AIUBOF/GS/LET/264/2022-25, dated 16th December 2024), requesting the absorption of the tax liability akin to Bank of Baroda's established practice, Union Bank of India has, via Staff Circular No. 8515, dated 10th January 2025, chosen to impose the tax liability on employees, deducting the amounts directly from their



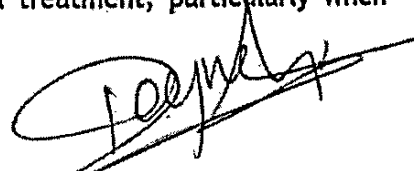


salaries. This unilateral imposition has resulted in financial hardship and is in contravention of the principles of equity, parity, and the terms of my loan sanction. In light of the above, I humbly submit the following points for your kind consideration:

1. I was sanctioned loans under the various Staff Loan scheme as per the details below:

Loan Type	Sanction Amount (₹)	Outstanding (₹)	EMI (₹)	Sanction Date
Home Loan 1	58,00,000	60,21,390	25,500	21-10-2021
Home Loan 2	29,50,000	29,49,730	12,500	16-06-2023
Home Loan 3	2,00,000	1,96,887	838	20-03-2024
Car Loan	18,00,000	17,05,906	13,000	06-02-2024
Staff Overdraft (OD)	11,00,000	10,00,890	7,000 (interest)	31-10-2013

2. As per the original sanction terms, it was expressly agreed that total deductions, including EMI payments, OD interest, and other statutory deductions, would not exceed 75% of my gross salary, leaving an assured sustenance limit. However, the unilateral imposition of additional tax liability has resulted in my deductions exceeding this limit, thereby reducing my take-home salary to below 30% of gross pay. This severely impacts my ability to meet essential family expenses, including school fees and utility bills, which were previously accounted for within the sustenance framework. This violation of the agreed loan terms amounts to an unfair and retrospective alteration of my contractual rights.
3. Due to the additional tax deductions, I am unable to maintain adequate balances in my Staff Overdraft (OD) account. The resultant insufficiency in my salary for servicing OD interest payments risks causing the account to slip into a stressed category. This not only affects my CIBIL score but jeopardizes my future loan eligibility. Furthermore, during renewal of the OD limit, I may be required to remit a portion of the principal due to reduced repayment capacity caused solely by the tax deductions, placing me at a severe financial disadvantage.
4. The practice of absorbing the tax liability arising from the perquisite value of concessional loans has been adopted by Bank of Baroda, another Public Sector Bank (PSB) operating under the same ownership and regulatory framework as Union Bank of India. This is evidenced by Bank of Baroda Circular BCC/BR/109/173, dated 5th April 2017. Union Bank of India's refusal to adopt a similar practice creates unwarranted discrimination between employees of two PSBs, both governed by the Department of Financial Services, Ministry of Finance. This disparate treatment violates the fundamental right to equality enshrined in Article 14 of the Constitution of India. Employees of PSBs are entitled to equal treatment, particularly when



operating under the same statutory and regulatory framework, including the provisions of the Income Tax Act, 1961, and the Income Tax Rules, 1962.

5. The resultant take-home salary, reduced below subsistence levels, has caused financial distress, impairing my ability to meet basic household expenses, children's educational costs, and statutory obligations. The ongoing deductions have also resulted in undue emotional stress, exacerbated by the lack of clarity on the continuation of such deductions.

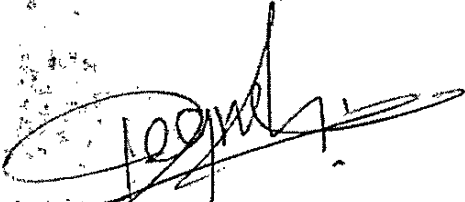
### Relief Sought

In view of the above facts and circumstances, I respectfully urge your esteemed office to:

1. Revoke the Information Circular No. 06920 dated 13<sup>th</sup> December 2024 and SC No. 8515 dated 10<sup>th</sup> January 2025 and stop the deduction of Tax Deducted at Source (TDS) with respect to the additional perquisite value attributed to concessional loans and issue orders accordingly.
2. Absorb the tax liability arising from the perquisite value of concessional loans in line with the practice adopted by Bank of Baroda, ensuring parity and fairness among employees of Public Sector Banks.
3. Cease and refund all deductions made under the head of perquisite tax liability from employees' salaries, including mine, to mitigate financial hardship.

Your leadership and commitment to employee welfare have been a guiding light for Union Bank of India. I trust you will take immediate cognizance of this pressing issue and ensure equitable treatment for all employees.

Yours faithfully,

  
Deepak Paroth  
Employee No. 522426

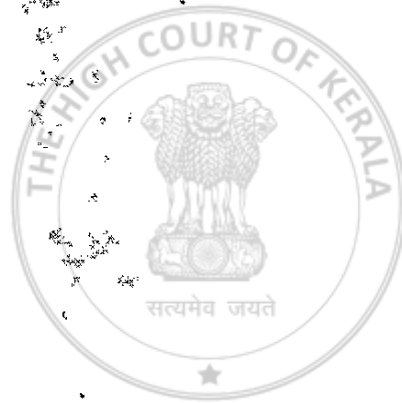
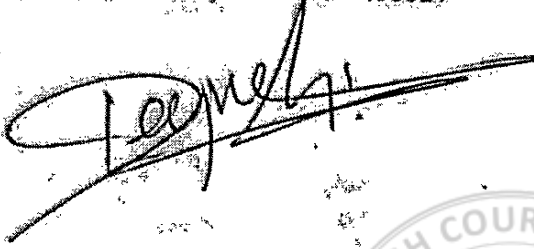
Thrissur  
27-01-2025

Copy to

1. Secretary, Department of Financial Services  
6A, 3rd floor, Jeevan Deep Building  
Sansad Marg, New Delhi

2. The Chief General Manager (HR)  
Human Resources Department  
Union Bank of India  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021

3. Deputy General manager  
Taxation Cell, Finance & Accounts  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021



P11

From,  
Sunny Kurian  
Emp No 407990  
Senior Manager, Union Bank of India  
Regional office, Ernakulam

To,  
The Managing Director & CEO  
Union Bank of India  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021

Respected Madam,

**Subject: Representation regarding deduction of additional tax on perquisite value of concessional loans and request to absorb the tax liability as per parity with Bank of Baroda's practice.**

Enclosures:

1. Copy of AIUBOF Representation (Communication No. AIUBOF/GS/LET/264/2022-25).
2. Copy of Bank of Baroda Circular (BCC/BR/109/173 dated 5th April 2017).

I, Sunny Kurian, Emp No 407990, an officer of Union Bank of India and a member of the Union Bank Officers Association, Kerala State, affiliated with the All India Union Bank Officers Federation (AIUBOF), hereby submit this representation for your kind and immediate attention. The matter pertains to the deduction of additional tax from my salary, arising out of the judgment delivered by the Hon'ble Supreme Court of India in Civil Appeal No. 7708 of 2014, dated 7th May 2024, which upheld the constitutional validity of Section 17(2)(viii) of the Income Tax Act, 1961, and Rule 3(7)(i) of the Income Tax Rules, 1962.

Despite the representation made by AIUBOF (vide Communication No. AIUBOF/GS/LET/264/2022-25, dated December 16, 2024), requesting parity with Bank of Baroda in absorbing the tax liability arising from the perquisite value of concessional loans (as per Information Circular No. 06920 dated December 13, 2024), Union Bank of India has chosen to impose the said tax liability on employees, effectuating deductions directly from salaries vide Staff Circular No. 8515, dated January 10, 2025.

In light of the above, I humbly submit the following points for your kind consideration:



1. I was sanctioned a Staff Housing Loan on 9th August 2024 as per the Staff Housing Loan Circular (SC No. 8161 dated 4th January 2024). The sanction terms and conditions explicitly stipulated that total deductions, including EMI, interest on clean overdraft, and other deductions, would not exceed 75% of my gross salary. However, with the unilateral imposition of additional tax liability on the perquisite value of concessional interest, my deductions now exceed this limit, leaving me with a meagre net take-home salary. This retrospective application of tax liability violates the loan contract and undermines the sustenance limit assured to employees during loan sanctioning.
2. The deduction of the perquisite tax liability in three instalments (January, February, and March) has left my family's financial stability severely compromised. After deductions, including housing loan EMIs, interest on overdrafts, and TDS, my net take-home salary is insufficient to meet basic necessities such as school fees, household expenses, and other familial obligations. The adverse impact on my financial stability directly contravenes the principles of fair treatment.
3. The additional deductions adversely affect the operation and renewal of my Staff Overdraft (OD) account. Reduced take-home pay results in insufficient balances to service interest on the overdraft, potentially causing the account to slip into a stressed category. This could negatively affect my CIBIL score, jeopardizing my creditworthiness and future loan eligibility, thereby exacerbating my financial distress.
4. The practice of absorbing the tax liability on perquisite value of concessional loans has been adopted by Bank of Baroda (vide Circular BCC/BR/109/173 dated 5th April 2017), another Public Sector Bank (PSB) under the same ownership and regulatory framework as Union Bank of India. This discriminatory treatment between employees of two PSBs, both owned and regulated by the Government of India through the Department of Financial Services (DFS), violates the fundamental right to equality guaranteed under Article 14 of the Constitution of India. Unequal treatment of similarly placed officers undermines the principles of parity and fairness.
5. Bank of Baroda's absorption of tax liability sets a precedent that Union Bank of India, as a peer PSB, ought to follow. The inconsistency in treatment is unwarranted, given that both institutions operate under the same statutory and regulatory framework and their employees are governed by identical provisions of the Income Tax Act, 1961, and Income Tax Rules, 1962.

Prayer for Relief

In view of the foregoing, I humbly request your Hon'ble Office to:

1. Revoke the Information Circular No. 06920 dated 13<sup>th</sup> December 2024 and SC No. 8515 dated 10<sup>th</sup> January 2025 and stop the deduction of Tax Deducted at Source (TDS) with respect to the additional perquisite value attributed to concessional loans and issue orders accordingly.
2. Direct the competent authority to absorb the tax liability on the perquisite value of concessional loans, in parity with the practice adopted by Bank of Baroda, to ensure uniformity and equality among employees of Public Sector Banks.
3. Cease deductions of the perquisite tax liability from the salaries of employees, including the undersigned, and refund any amounts already deducted under this head.

I trust your esteemed office will appreciate the urgency and seriousness of the matter and take appropriate action to mitigate the financial and emotional distress caused by the deductions.

Yours faithfully,



Sunny Kurian  
(Emp No 407990)



Ernakulam  
27-01-2025

Copy to

1. *Secretary, Department of Financial Services  
6A, 3rd floor, Jeevan Deep Building  
Sansad Marg, New Delhi*
2. *The Chief General Manager (HR)  
Human Resources Department  
Union Bank of India  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021*
3. *Deputy General manager  
Taxation Cell, Finance & Accounts  
239, Central Office, Vidhan Bhavan Marg  
Nariman Point, Mumbai - 400021*

p 2



**Sreenath Induchoodan** (BSc LLB)  
 Senior Vice President, All India Bank Officers Confederation  
 State Secretary, All India Bank Officers Confederation  
 General Secretary, Union Bank Officers' Association (Kerala State)

Letter No: OFF/0102/2025

Kottayam  
 29<sup>th</sup> January 2025

To,  
 The Hon'ble MD & CEO  
 Union Bank of India  
 239, Central Office, Vidhan Bhavan Marg  
 Nariman Point, Mumbai - 400021

Respected Sir/Madam,

**Subject: Representation for Absorption of Tax Liability on Perquisites - Ten Compelling Reasons to Absorb Tax Liability on Perquisites**

The undersigned, in the capacity as representative of the recognized trade union and on behalf of the employees of the Bank, hereby submit this representation for your esteemed consideration. This submission is made with due regard to the principles of fairness and equity, seeking the absorption of the tax liability arising from perquisites provided by the Bank. In support of this request, we respectfully present the following ten compelling reasons, which we candidly request the Honourable Board to examine with due diligence and empathy. Accordingly, we humbly seek a favourable resolution to this matter, thereby mitigating the financial burden imposed upon the employees.

- 1. Negligible Impact on Profitability:** The Bank has reported an operating profit of ₹23,390 crore and a net profit of ₹13,002 crore as of December 2024 (9M). A rough estimate suggests that the total tax liability on concessional rate of interest perquisites is less than ₹200 crore, a sum that would have an inconsequential effect on the Bank's overall profitability.
- 2. Legislative Provision under Income Tax Act:** Under Section 10(10CC) of the Income Tax Act, any income tax paid by an employer on behalf of an employee for non-monetary perquisites is exempt from taxation. The concessional rate of interest on staff loans and residential accommodations qualifies as non-monetary perquisites,

☎ 09747773220  
 ✉ gs@uboak.in  
 📧 sreenath.induchoodan  
 📱 @induchoodansree

**Correspondence Address**  
 Secretariat, C/o Union Bank of India, Regional Office  
 Trivandrum M G Road, Statue, Thiruvananthapuram - 695001

and many private sector entities, including multinational corporations and IT firms, already absorb such tax liabilities.

3. **Precedent Set by Peer Banks:** Bank of Baroda has been absorbing tax on perquisites since FY 2016-17, and Canara Bank has recently indicated a similar move. Given the significant staff loan portfolio of ₹16,156 crore (Staff housing loans), ₹2,122 crore (Staff vehicle loans), and ₹5,093 crore (Staff OD), our Bank has benefitted from a healthy and risk-free portfolio, which would not have materialized had employees opted for loans from other financial institutions.
4. **Disparity in Taxation vis-à-vis Corporates:** As per RBI statistics, over 400 corporate entities have been granted loans at concessional interest rates below the prevailing repo rate (6.5%). These corporates enjoy the benefit of lower interest rates without any taxation on the concessions received, whereas bank employees who process such loans are disproportionately burdened with perquisite tax on similar concessions.
5. **Violation of Contractual Terms:** At the time of sanctioning staff loans, the Bank mandated a minimum sustenance requirement of 25-30% in take-home salary, and no disclosure was made regarding future taxation on concessional rates of interest. Imposing this liability now constitutes a deviation from contractual terms, potentially contravening the Indian Contract Act.
6. **Adverse Impact on Loan Repayments & Asset Quality:** The deduction of tax on perquisites has resulted in a substantial reduction in the net salaries of several employees, in some instances leaving them with minimal or no residual salary. Consequently, many employees have been rendered unable to service their loan Equated Monthly Installments (EMIs). The pay slips of affected employees unequivocally demonstrate that the Bank has been unable to deduct EMIs in numerous loan accounts due to an insufficient balance remaining in their net salary. This situation presents a significant risk, as it may lead to the classification of such loan accounts as stressed assets, thereby adversely affecting the employees' creditworthiness. Furthermore, the resultant non-payment of EMIs could necessitate additional provisioning by the Bank in accordance with applicable regulatory guidelines, thereby impacting the Bank's financial position.
7. **Renewal of Staff Loans & Overdrafts:** With sustenance levels reduced, staff loans and overdraft renewals will be impacted, rendering employees ineligible for automatic renewals under the Straight Through Processing (STP) system. Employees may be forced to prematurely repay loan balances, creating significant financial strain.
8. **Risk of Accounts Turning NPA:** Now consequent to Point No 7, loan renewals are critical to maintaining asset quality. Non-renewal due to tax deductions / reduced eligibility could result in accounts slipping into NPA status. As per RBI prudential



norms, an NPA classification on one loan under a customer ID could trigger a default classification across all loans under the same ID, further aggravating the issue.

9. **Financial Distress & Associated Risks:** Employees facing severe financial distress, particularly those in sensitive and high-risk positions, could experience heightened stress levels, which may increase operational and compliance risks, contrary to the principles of preventive vigilance.

10. **Boosting Employee Morale & Organizational Loyalty:** The Bank's decision to absorb the tax liability will significantly boost employee morale, reinforcing their trust and commitment towards the institution. A motivated workforce will directly contribute to enhanced productivity, superior customer service, and overall business growth.

In view of the above, we earnestly request the Hon'ble Chairman, Hon'ble Managing Director & CEO, the esteemed and learned Executive Directors, the other most respected Board of Directors, to consider absorbing the tax liability on perquisites as a measure of goodwill and welfare for its devoted employees.

We remain hopeful for a favourable resolution to this matter at the earliest.

With utmost respect and regards,

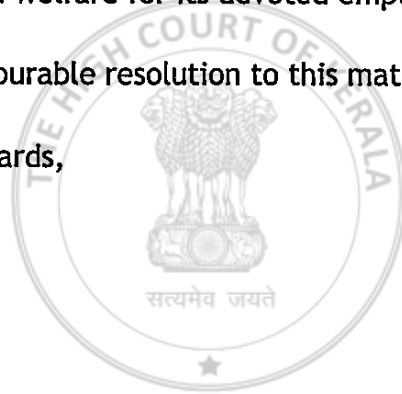
Warm regards



Sreenath Induchoodan

Copy to

1. Hon'ble Chairman, Union Bank of India
2. Hon'ble Executive Directors, Union Bank of India
3. Hon'ble Board of Directors, Union Bank of India



This page is intentionally kept blank for masking



This page is intentionally kept blank for masking



This page is intentionally kept blank for masking

