

Frequently asked questions while filing ITR is prepared for AIACE members by
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HOW TO TREAT CIL EXECUTIVE DEFINED BENEFIT PENSION SCHEME WHILE
FILING INCOME TAX RETURNS?

SALIENT POINTS TO BE NOTED

1. The Scheme was formulated to provide annuity to retired executives of CIL and the employer contributed to the corpus @ 9.84% of qualifying salary as a part of perquisites agreed upon in the salary revision with effect from 1st January 2007.
2. The Scheme was put into effect in FY 2018-19 and the corpus was transferred to annuity providers who will pay out annuity as per the plan selected by the members.
3. An option was given to members to commute 1/3rd of the corpus amount.
4. Since the contribution was paid in arrears, Relief under section 89 (1) was computed by CIL after obtaining from the retirees details of Taxable Income & Tax paid during the respective earlier years in Form-10 E and Annexure-I. Applicable Income Tax was recovered from the fund.
5. A onetime Exemption under Section 17 (2) (vii) of the Income Tax Act is available for employer's contribution during the year in which the corpus is transferred.

QUESTIONS BEING RAISED IN THE GROUPS

1. *As I have furnished Form-10E & Annexure-I to CIL do I have to submit these again while filing my Income Tax Return?*

ANS: YES. Form-10E & Annexure-I were submitted to CIL only to compute your tax liability after giving relief u/s 89 (1). This information should be submitted to ITO in order to avail this relief and you have to file these BEFORE filing ITR.

2. *There is a mismatch between the NPS amount as per my 26AS and the amount as per Form-10E. What should I do?*

ANS: Some of the Subsidiaries have deducted the exemption amount of Rs.150000 and have shown net amount in 26AS. This has led to the mismatch. Disclose gross amount of NPS as income and claim exemption of Rs.150000. By doing this you will avoid receiving notice from IT Department. There will not be any impact on your tax liability. Obtain TDS Certificate Form-16 (Part-A & Part-B) from your employer and keep it available if asked for by ITO.

3. *Is the commuted portion exempt from tax?*

ANS: NO. This amount has come out of your corpus and has already been taxed and you cannot claim exemption again.

4. *I do not know in which year to declare my NPS amount as I have not received pension till date/ have started receiving my pension only on FY 2019-20.*

ANS: Date of transfer of corpus to annuity provider, not the receipt of pension, will determine the year in which you were paid. This date can be found on CIL Pension portal.

5. *What is the taxability of Pension?*

ANS: Pension/annuity received is fully taxable in the year in which it is received.