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भारतीय स्टेट बैंक अधिकारी संघ (पटना मंडल)
State Bank of India Officers' Association (Patna Circle)

All Letters to be
Addressed to the
General Secretary

Regd. No. 1872 of 1975
(REGISTERED UNDER TRADE UNION ACT - 1926)

State Bank Building
2nd Floor
West Gandhi Maidan
Patna - 800 001

CIRCULAR NO.04 /2025

DATE : 18.01.2025

TO,
ALL MEMBERS

**REQUEST FOR ABSORPTION OF TAX LIABILITY ON PERQUISITES AND
EXPLORATION OF REMEDIES**

We reproduce hereunder the text of the **AISBOF Circular No. 04** dated 18.01.2025, the contents of which are self-explicit.

With warm greetings,

(Amaresh Vikramaditya)
GENERAL SECRETARY

OUR UNITY : ZINDABAD-ZINDABAD
S.B.I.O.A. : ZINDABAD-ZINDABAD

TEXT

**REQUEST FOR ABSORPTION OF TAX LIABILITY ON PERQUISITES AND
EXPLORATION OF REMEDIES**

We have sent a communication to the Deputy Managing Director(HR) & Corporate Development Officer, Corporate Center, State Bank of India, Mumbai, on the captioned subject.

A copy is enclosed for your information.

#OurUnityLongLive

With greetings

Yours comradely,

(Rupam Roy)

General Secretary



ALL INDIA STATE BANK OFFICERS' FEDERATION

(Registered under the Trade Unions Act 1926, Registration No: 727/MDS)

Central Office: State Bank Buildings, St. Mark's Road, Bangalore-560 001

Registered Office: 22, Rajaji Salai, Chennai- 600 001

Letter No.6463/02/25

DATE: 18.01.2025

The Deputy Managing Director(HR) &
Corporate Development Officer
State Bank of India
Corporate Centre
Mumbai- 400 021

Dear Sir,

REQUEST FOR ABSORPTION OF TAX LIABILITY ON PERQUISITES AND EXPLORATION OF REMEDIES

We are writing to express our deep concern regarding the recent developments related to the taxation of perquisites, specifically interest-free or concessional loans provided to bank employees.

Earlier in 2007, the All India Bank Officers Confederation and its affiliates, including the Federation, filed a petition in the Madras High Court challenging the taxability of these loans. After the judgment did not come in our favor, some affiliates escalated the matter to the Supreme Court.

As you are aware, the Supreme Court, in its judgment dated May 7, 2024, upheld the validity of taxing such benefits under Section 17(2)(viii) of the Income Tax Act, 1961, and Rule 3(7)(i) of the Income Tax Rules, 1962. Consequently, we have been informed that the State Bank of India intends to commence deductions for these liabilities retrospectively from April 2024.

Every profession comes with its own set of benefits tailored to its nature. Across sectors, these perks remain untaxed and are legitimate parts of employment packages. Our Bank has been always the leader in terms of employer in Banking Industry. SBI has received many awards & accolades for its HR practices. Our perks & packages attracts the young brain of India & resultantly we hire the best brains for our Bank. Liability of Income Tax on perquisites borne by the Bank is also a lucrative scheme for entire employee group which motivates our employee to earn more & more for our Bank.

It is pertinent to mention that usually the employers offer the in-house product or facilities free of cost or at subsidized rate to their employees. Such as the employees of Railways, gets few free tickets/passes for them or their family members, employees of telephone departments get free unit of call or zero meter rent, employees of Electricity companies get subsidized/free electricity, in

educational institutes, they offer free of cost education to the wards of their employees, in medical line, the medical treatment is offered at low cost.

Since we are in financial sector, privilege of getting financial product at a lower cost should be extended to us. It would not be out of place to mention here that cost of product always carries cost of delivery also and in loans we take cost of risk also to set the RoI. In case of staff loans, the cost of delivery is almost zero as it does not require any publicity or marketing and are fully secured either by way of lien on our superannuation benefits or by way of insurance. These loans bear no cost of recovery as the repayment is being done directly from the salary of the employees.

Among the limited benefits bank employees enjoy, concessional staff loans play a crucial role in ensuring financial stability under high-stress working conditions. Taxing this singular benefit while leaving other sectors' perks untaxed is arbitrary and unjust. The retrospective nature of deductions from April 2024 further compounds the financial and emotional stress on employees.

This sudden imposition of tax deductions, especially on a retrospective basis, places a significant financial burden on our members, many of whom were unprepared for this liability and are now faced with substantial unexpected salary deductions. We earnestly urge the Bank's management to absorb the tax liability arising from this prerequisite for the current financial year to mitigate the immediate burden on employees and urge collaborative approach to explore fair solutions to this issue.

We hope for a favorable response.

Thanking you,

Yours sincerely,

Sd/-

(Rupam Roy)
General Secretary