

RESERVE BANK OF INDIA
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October 20, 2009

Ashwina 27, 1931(s)

Sh. Kishore Chakraborty

C/a. Adv. Ramesh Aherrao, General Secretary

20, Radhey, Ujwai Layout Jaitala Road

Nagpur 440 022

Dear Sir

Optional Early Retirement Scheme — benefit under Income

Tax Act, 1961 and Payment of Ex-Gratia amount

Please refer to your letter dated August 20, 2009 raising certain issues on the above subject.

2. We advise that under Section 239 of the income Tax Act, 1961 no claim for refund shall be allowed, where the claim is in respect of income which is assessable for any assessment year unless it is made within one year from the last day of such assessment year. However, in terms of Section 240 of The Act, where, as a result of any order passed in appeal or other proceeding under this Act, refund of any amount becomes due to the assessee, the Assessing Officer shall, except as otherwise provided in this Act, refund the amount to the assessee without his having to make any claim in that behalf etc. Therefore, it would be open to the OERS retirees, who in terms of circular dated May 8, 2009 issued by the Central Board of Direct Taxes based on the judgement of the High Court of Bombay would be entitled to the refund, to claim the same without any restriction as regards period of limitation prescribed under Section 239 of the Income Tax Act, 1961.

3. As regards your request for payment of arrears of ex-gratia paid under OERS on the basis of Pay and Dearness Allowance revised after the date of the retirement, we advise that the same cannot be acceded to.

Yours faithfully

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(Neeraj Nigam)

Deputy General Manager