

INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

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Smt. NIRMALA SITHARAMAN
Hon'ble Minister of Finance

Respected Madam,

Sub: Rationalisation of Tax free Income on Provident Funds.

Ref: Annex to Part B of Budget Speech - Direct Tax Proposals.

- 1) In the beginning of Budget Speech you have expressed your heartfelt gratitude to the working class stating that *"Even as a large section of citizens stayed home, milk, vegetable, and fruit-suppliers, health and sanitary workers, truck drivers, railways and public transport workers, bank employees, electricity workers, our annadatas, police, firemen, and the armed forces, all had to go about their work as normal, but with the additional anxiety of the virus hanging over them"*.
- 2) While entire nation was passing through a tough time due to Covid-19 pandemic, Government employees shouldered the responsibility of preventing spreading of Corona virus risking their health. Some of them have met with tragic end.
- 3) Government has announced various stimulus packages for all sectors at the time of pandemic. Government has also announced various measures for reducing tax burden on various sectors in the budget.
- 4) Unfortunately for Government employees no financial relief was announced. Rather, steps have been taken in opposite direction. Freezing of rates of Dearness Allowance from 1st January 2020 to 31st June 2021, 50% cut in overtime allowance and TA & DA, recovery of Transport allowance paid for the months of work from home, increase in the prices of essential commodities etc. have put heavy financial constraints on the salaried class.
- 5) Many of the salaried class also required to spend additionally on computers, laptops, smart mobile phones etc. for their wards to enable them attend on-line classes.
- 6) While all salaried class were in expectation of some relief from the tax burden on them, to our shock, it has been proposed in budget to restrict tax exemption on the interest earned on the employees' contribution to various provident funds beyond annual contribution of Rs. 2.5 lakh.
- 7) Government says that 0.27 percent of EPF individual account holders have net worth of Rs.62,500 crore. Government says largest account is having Rs.103 crore balance. These extra ordinary EPF accounts cannot be the bench mark for normal salaried class employees' PF.
- 8) Over the years tax burden on salaried class is on the rise. It is pertinent to mention that, Income tax collection (14%) is the second major contributor after GST (15%) in total income of Government other than borrowings and other liabilities.
- 9) **It is therefore requested that, budget proposal to restrict tax exemption for the interest earned on the employees' contribution to various provident funds beyond annual contribution of Rs. 2.5 lakh may please be withdrawn.**

Thanking You

Yours faithfully,

(Harchandan Singh),
General Secretary, IRTSA