

F.No.173/250/2019-ITA-I  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

North Block, New Delhi the 24<sup>th</sup> June, 2019

**Subject: Exemption of service element and disability element of disability pension granted to disabled personnel of armed forces who have been invalided on account of disability attributable to or aggravated by such service-reg.**

Under the existing provisions of clause (l) of sub-section 2 of section 297 of the Income-tax Act, 1961 ('Act') any notification issued under sub-section (1) of section 60 or section 60A of the Indian Income-Tax Act, 1922 (now repealed) and in force immediately before the commencement of the Act shall continue to be in force to the extent to which no provision has been made under the Act. Previously, in exercise of powers conferred under section 60 of the Indian Income-Tax Act, 1922, vide Notification no. 878-F dated 21.03.1922, it was ordered at para 19 that "*pensions granted to members of His Majesty's naval, military or air forces who have been invalided for naval, military or air force service on account of bodily disability attributable to or aggravated by such service would be exempt from tax under the Indian Income-Tax Act, 1922*".

2. In furtherance to the above, instruction no. 136/1970 dated 14.01.1970 in F.No. 34/3/68-IT(AI) and instruction no. 2/2001 dated 02.07.2001 in F.No. 200/51/99-ITA-I have been issued to clarify that the entire disability pension, i.e. "disability element" and "service element" of a disabled officer of the Indian Armed Forces continues to be exempt from income tax under the Income-tax Act, 1961.

3. Representations have been received, requesting to clarify whether the exemption is applicable only to the disabled officers of Armed Forces or all disabled Armed Forces Personnel (i.e. including officers and Jawans). Representations have also been received to clarify as to whether the Income Tax exemption would be limited to only such disabled Armed Forces Personnel who are invalided out of service due to disability attributable to or aggravated by military service condition or to even those who retire after full service with some disability.

4. The matter has been examined in the Board. The notification no. 878-F dated 21.03.1922, provides income tax exemption to all members of Armed Forces who have been invalided for naval, military or air force service on account of bodily disability attributable to or aggravated by such service. Thus, income-tax exemption under above clause would be available to all armed forces personnel (irrespective of rank) who have been invalided for such service on account of bodily disability attributable to or aggravated by such service.

5. Further, such tax exemption will be available only to armed forces personnel who have been invalided from service on account of bodily disability attributable to or aggravated by such service and not to personnel who have been retired on superannuation or otherwise.

-sd-  
(Rajarajeswari R.)

Under Secretary to the Government of India

**Copy to :-**

1. PS to FM/OSD to FM/ PS to MoS (R) / OSD to MoS (R)
2. PPS to Secretary(Revenue)
3. The Chairperson, Members and all other officers in CBDT of the rank of Under Secretary and above.
4. All Pr. Chief Commissioners/ Pr. Director General of Income-tax/ Chief Commissioner of Income-tax (Exemptions) – with a request to circulate amongst all officers in their regions/ charges.
5. CIT(M&TP), CBDT and Official spokesperson of CBDT.
6. The Additional Director General (PR & PP), New Delhi.
7. ITCC Division of CBDT
8. Data Base Cell – for placing it on [www.irsofficersonline.gov.in](http://www.irsofficersonline.gov.in)
9. DIT (S) -4/ Web manager for placing it on [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)
10. The Guard File

*S. Jayaram*  
24/6/19  
**Under Secretary to the Government of India**