



Indian Overseas Bank Officers' Association

(Regd. No. 321/MDS) (Recognised by the Management) (Affiliated to All India Bank Officers' Confederation)

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Sri Dilip Kumar Barik
General Manager (HR)
Indian Overseas Bank
Central Office
Chennai

Dear Sir,

Request for Payment of Perquisite Taxes on Loan/s extended to Staff Members at Concessional rate of interest – Reg.

We wish to bring to your kind notice the recent developments on the captioned subjects with special attention to the various cases filed in the courts to not to deduct Perquisite Tax on loans extended to employees at concessional rate of interest.

All India Bank Officers' Confederation (AIBOC) had filed a special leave petition before the honorable Supreme Court, seeking relief from the perquisite tax on loans provided to officers by banks. Despite the best efforts by AIBOC, The Supreme Court has upheld the Income Tax Rule that makes interest free or concessional loan benefits given by banks to its employees taxable. Dismissing appeals that challenged Rule 3(7)(i) of the Income Tax Rules, 1962 and Section 17(2)(viii) of the Income Tax Act, 1961, the apex court said such benefits enjoyed by bank employees were "unique"

Sir, from time immemorial, loans at concessional rate of interest is being extended to employees in our institution with an ulterior HR empathy towards its employees for their best contribution to the growth of the institution. These loans are enabling the employees to acquire a shelter of his own (SHL), vehicle of his

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comfort (SVL) and source of funds to celebrate important festival (FA). While being so, if perquisite tax on these loans is imposed on the employee, it will definitely eat his purse and shrink his venture into acquiring these type of loans which will ultimately result in hitting our advances portfolio also.

Sir, in order to alleviate the additional financial burden for employees on this front, some of the banks, including State Bank of India and Bank of Baroda, have come forward to bear this additional tax liability in the name of perquisites. This positive move from these banks has increased the morale of their employees.

Sir, we kindly request that our bank being a fore-runner in many HR policies, to consider implementing a similar move by absorbing the perquisite tax liability on the staff loans extended at concessional rate of interest.

We earnestly urge your good selves to take up the matter with the Top Management for a favorable consideration of our request and doing the needful which would instill a great confidence in the minds of the workforce to move forward without financial worries.

Yours faithfully,


(S Premkumar)
General Secretary

