



## Bank of Maharashtra Officers' Organisation

(Affiliated to NOBO & BMS)

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Ref: BOMOO/P-Tax/ 2025-2026

Date: 26<sup>th</sup> August 2025

To,  
Hon'ble Smt. Nirmala Sitharaman  
Minister of Finance and Corporate Affairs  
Government of India  
North Block, New Delhi – 110001

**Sub: Request for Amendment to Section 17(2)(viii) of the Income Tax Act, 1961 – Relief from Perquisite Taxation on Leased Accommodation and Concessional Loans for Bank Officers**

Respected Madam,

We, the **Bank of Maharashtra Officers' Organisation (BOMOO), Majority Officers Union in our Bank, affiliated to NOBO AND BHARATIYA MAZDOOR SANGH (BMS)** representing thousands of officers serving the Bank of Maharashtra across the country, respectfully bring to your kind attention a serious issue affecting the financial well-being of public sector bank officers. Officers are now being taxed on essential service-linked benefits such as leased accommodation and concessional interest rate loans. These are not discretionary perks, but part of the employment conditions to support officers posted far from their hometowns. We humbly seek your kind intervention to amend Section 17(2)(viii) of the Income Tax Act, 1961, which was introduced through the Finance Act, 2005, and is now causing significant hardship.

Leased accommodation is provided to officers as per the bank's own service requirements. Due to the all-India transferability clause in Officers' Service Regulations, officers are routinely posted in different states and zones every few years. They are required to stay at the branch or zonal headquarters, as per bank instructions. When officers are posted to a city where they do not own a house, the bank either arranges leased accommodation or reimburses rent so that the officer can stay at headquarters and perform his or her duty. This arrangement is a necessity arising from service rules, not a personal benefit availed voluntarily. However, under the current tax law, this is treated as a taxable perquisite, which we believe is unjust.

In addition to Leased Accommodation, concessional staff loans viz; housing, vehicle, cash credit & various facilities extended to officers have also been brought under tax by treating the interest benefit as a perquisite, benchmarked against SBI's Prime Lending Rate. This has led to substantial TDS deductions and additional tax liabilities for officers across banks. In many cases, the annual tax burden arising from this clause has ranged between ₹25,000 to ₹5,00,000 depending on loan size. The impact on net take-home salary has been significant, leading to frustration and demotivation among officers.

With recent judgments by the Hon'ble Supreme Court in Civil Appeal No. 7708 of 2014 and Civil Appeal No. 18459 of 2017, the validity of taxing these perquisites has been upheld. The courts have confirmed that leased accommodation and concessional interest loans are

taxable under the current legal framework. Hence, there is no further judicial remedy left. In our view, this makes it necessary for the Government to kindly consider legislative correction to bring relief to lakhs of bank officers.

It is worth noting that some major public sector banks like State Bank of India, Bank of Baroda and some other public sector Banks have also absorbed the tax liability on such perquisites on behalf of their employees. Unfortunately, the rest of the public sector banks have not been able to extend this support, resulting in disparity among officers who otherwise serve the same public banking system under similar working terms and conditions.

Madam, officers serve in rural, semi-urban, and urban areas on rotational basis, implementing financial inclusion schemes and providing essential banking services. These officers do not have the liberty to choose where they stay. They follow the deployment decisions of the Bank in the interest of public service. Therefore, we humbly submit that the tax burden arising from such service-imposed benefits should not fall on the officers' shoulders.

We therefore sincerely **request that Section 17(2)(viii) of the Income Tax Act, 1961 be amended to exclude employer-provided lease accommodation and concessional interest rate loans granted to officers of public sector banks from the ambit of taxable perquisites.** This will restore fairness, morale, and uniformity across the sector and allow officers to focus on their duty without this added financial stress.

We also humbly request an opportunity for a personal meeting with your good self to represent this issue in greater detail.

We are confident that under your able leadership and compassionate approach, this matter will receive the attention which it deserves. We assure you of our continued commitment to serve the public and uphold the values of the public sector banking system.

With utmost respect and regards,  
Yours faithfully,



(Santosh K. Gadade)  
General Secretary  
(Mob: 9730844144)

Copy to,

1. General Secretary, Bhartiya Mazdoor Sangh, (BMS), Delhi.
2. In-charge Financial Sector/All India Secretary, Bhartiya Mazdoor Sangh (BMS) Delhi, India.
3. General Secretary, National organisation of Bank Officers (NOBO).