

**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
(Affiliated to All India Banks Pensioners and Retirees Confederation)

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Circular No. GS: 126

13<sup>th</sup> March, 2014

**TO ALL AFFILIATES/MEMBERS**

Dear Comrades,

**Sub: Union Bank of India (Employees') Pension Regulations, 1995 – Disbursement of Pension and Deduction of Income Tax on Pension**

We invite your kind attention to Staff Circular No. 5719 dated 05.01.2011 whereby Branches/Offices were given the following instructions:

- To peruse the Pension accounts and wherever Income Tax is required to be deducted/ recovered from the Pensioners' accounts, the same must be deducted and remitted to the Income Tax Department as per the provisions of the Income Tax Act.
- The procedure for release of Pension to the Pensioners all over India was centralized for operational convenience and facilitation of instant credit to the Pensioners' accounts. However, the responsibility of deduction of Income Tax on Pension credited to all the eligible Pensioners' accounts and depositing the same with the Income Tax Authorities within the prescribed time line rest with the Branches.
- The amount of Pension will be remitted to the Branches by way of digital Authority Cheques. Branches must ensure that the digital Authority Cheque is responded on the last working day of the month and the Pension is credited to the respective Pension accounts without fail, after deduction of appropriate amount of Income Tax for the relevant financial year.
- The amount of commutation of Pension is exempted from Income Tax. Branches/Offices were advised to take care of this provision and accordingly deduct TDS on arrears of Pension if any and monthly Pension only.
- It was clarified that Pension is included in Income which is assessable under the head "Salaries" as per Section 17(1) (ii) of Income Tax Act. Branches were advised (1) to scrutinize all the Pension accounts who are drawing Pension under Union Bank of India (Employees') Pension Regulations, 1995 and (2) to deduct appropriate amount of Income Tax on Pension in all the applicable cases as provided for in the Income Tax

Act/Rules. The procedure to be followed will be similar to that of deduction and deposit of Income Tax on Salary in respect of existing employees of the Bank.

- Applications made by Pensioners for claiming deductions and exemptions permissible under the Income Tax Act, on account of investments made by them during the financial year, may be considered while computing the Income Tax, provided proof of investment is submitted by them.

While clear instructions have been given that Pension should be credited on the last working day of the month, it has come to our notice that many branches are not affording credit of Pension as stipulated, resulting in inconvenience to the Pensioners. **Instructions have also been given that complaints, if any, received from the Pensioners on account of delayed payment of Pension would be viewed seriously and appropriate action would be taken against the erring officials. We, therefore, request our comrades that instructions contained in Staff Circular cited above may be brought to the notice of the erring Branch Managers and request them to ensure that Pension is credited on the last working day of the month.**

With kind regards,

Yours Comradely,



**(R. SURYANARAYANAN)**  
**GENERAL SECRETARY**

Cc: Com. P.B. Thomas, Chairman, AIUBPARF, Kera  
Com. Bihari Patel, President, AIUBPARF, Gujarat  
Com. S. Bagchi, Working President, AIUBPARF, Kolkata