

Sixteenth Loksabha

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Title: Need to enhance Ceiling of Income Tax on retirement benefits

ADV. NARENDRA KESHAV SAWAIKAR (SOUTH GOA): I wish to raise an issue relating to the exemption limit of Income Tax for the employees on their retirement or in the case of employees seeking voluntary retirement. It has been brought to my notice that the exemption limit has been fixed at Rs. 5 lakh by the Government. One third income tax has to be paid by the employee on the remaining amount of terminal/retirement benefits. I strongly feel that the ceiling of Rs.5 lakh is quite inadequate and needs to be enhanced to atleast Rs. 20 lakh. I would urge upon the Government to initiate immediate steps for enhancing the existing ceiling of Rs.5 lakh to Rs. 20 lakh in the larger interest of all employees either retiring or seeking voluntary retirement.