

ALL INDIA INSURANCE EMPLOYEES' ASSOCIATION
LIC BUILDINGS SECRETARIAT ROAD HYDERABAD 500 063
(E-mail: aiieahyd@gmail.com)

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27th September 2024

To
All the Zonal /Divisional /State /Regional Units

Dear Comrades, today AIIEA has addressed two letters to the CEO and Managing Director of LIC on the issues of problems related to Old/New Tax Regimes and Income Tax Relief on wage arrears u/s 89 of the IT Act, 1961. These letters are being reproduced herein below for the information of our members.

With Greetings,

Comradely Yours

Shreekanth Mishra

General Secretary

ON PROBLEMS RELATED TO OLD/NEW TAX REGIMES

The Chief Executive Officer & Managing Director
LIC of India
Central Office
Mumbai

Date: 27.09.2024

Dear Sir,

Issues related to employees' Income tax deduction

You are aware that as per CBDT provisions, salaried employees are automatically governed by the new tax regime unless an employee specifically exercises the option at the beginning of the Financial Year to be governed under the old regime. Under the old regime, certain deductions for savings u/s 80C, u/s 24(b); etc., are allowed as exemptions while calculating the net income-tax liability; whereas this concession is not available under the new regime.

Naturally, some employees had exercised their option, at the beginning of the current Financial Year, to be covered under the old regime based on their tax-liability calculations. However, the Union Budget for the FY 2024-25 announced some revision in the Individual income-tax slabs for the new tax regime u/s 115BAC while the slabs / rates under old regime remain unchanged. The employees who had already opted for the old regime at the beginning of the FY now feel that the new regime is more beneficial for them consequent to the changes introduced in the Budget w.e.f. August 2024. Naturally, these employees who had given their option four months before the Budget 2024-25 now want to revert back to the new tax regime to take benefit of the Budget provisions. However, we understand that this option is not being allowed by our Disbursing Offices for the reason that once the option is exercised by the employee, it cannot be reversed.

This is unfair. The peculiar situation has come up because the budget proposals were passed four months after the beginning of the current Financial Year as the new government was formed only on 9th June 2024. When the government introduced the changes in the New Tax regime effective from 16th August 2024 with a view to giving some relief to the employees, LIC should not deny the benefit by

taking up a mechanical stand that once exercised, the option cannot be changed. There is a lot of disquiet amongst the employees because unnecessarily they have to shell out huge sums of money by way of monthly deductions towards Income Tax.

We therefore request you to consider this genuine problem and issue necessary instructions giving an option to the employees to revert back to the new regime of TDS calculation u/s 115BAC at the earliest.

Thanking you,

Yours faithfully
Sd/-
General Secretary

ON INCOME TAX RELIEF ON WAGE ARREARS

To,
The Chief Executive Officer and
Managing Director
L.I.C. of India
Central Office
MUMBAI

Date: 27.09.2024

Dear Sir,

Re: Income Tax Relief on Wage Arrears u/s 89 of the IT Act, 1961

We wish to bring to your notice that in the wage arrears calculation programs released by Central Office, Income Tax relief u/s 89 of IT Act had not been provided. This has resulted into excess recovery of Income Tax from a large number of employees. This has been rather punishing to those employees in the lower bracket of the tax rates because it has been causing substantial income loss.

This is a routine matter and LIC issues some patch/ programme for IT bifurcation after every wage revision. We would request you to take necessary steps for releasing the appropriate patch/programme so that employees get some relief.

Thanking You,

Yours faithfully
Sd/-
General Secretary
