

**INCOME TAX
EMPLOYEES
FEDERATION**



Since 1953

CENTRAL HEADQUARTERS

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Dated, 15th June, 2021

To

**The Pr.Director General of Income Tax, HRD,
Central Board of Direct Taxes,
J L Nehru Stadium, New Delhi.**

Respected Madam,

Sub: **Creation of Benevolent Fund** - Matter regarding.

Kindly refer to above; you may recollect that the plan to create an exclusive Fund for the welfare of the officers/employees of Income Tax department was conceived after stupendous success of the VDIS Scheme, 1997. The then Finance Minister, acknowledging the stellar performance of the officers and employees of the Income Tax department had announced a portion of VDIS collection for welfare of I.T. Department employees (100 Crore; 1% of collected Rs. 10,700 Cr. in VDIS) would be earmarked for the welfare of the officers/employees of Income Tax department . This was mentioned in the 1998-99 Budget Proposal and can be considered to have been approved by the Union Cabinet as well as Parliament, when they approved the Union Budget without alternating the insertion in this regard.

2. **Income Tax Welfare Fund(ITWF) Rules** was initially notified in 1998 [published in the Gazette of India under the notification of the Government of India, Ministry of Finance (Department of Revenue),*vide* S.O. 627 (E), dated the July 24, 1998].

3. However, the Fund has not been made operational.

4. Income-Tax Welfare Fund Rules was once again notified in 2007 [Notification no. 217/2007 (F. No. Dir (Hqrs)/CH(DT)(33)/2007], dated 8-8-2007].

5. **Sources of the Fund:** i) 100 Crore [initial corpus; to be released in FYs 06-07 (30 Cr.), 07-08 (30 Cr.) and 08-09 (40 Cr.)] **plus** accretion by ii) 10% of surplus from sale proceed of Appropriate Authority's properties exceeding acquisition value iii) 10% of reward sanctioned to Income Tax officers/employees and iv) any other mode as prescribed later on.

6. **Purpose of the Fund:** i) Welfare of ITD employees: Recreation Club, Libraries, Scholarship to children of employees, crèches, vocational training to spouses, more amenities to Canteen, subsidized transport etc. ii) financial help to family in case of death/injury while performing duty iii) *ex-gratia* in case of death while not in duty (discretionary) iv) financial help over and above CGHS coverage and risk insurance for performing Survey and S&S operation v) Holiday Home & Guest Houses vi) any other measure for welfare and performance improvement vii) financial assistance to the employees if facing difficulties due to natural calamities.

7. From the very beginning (April, 2007 as per records available in different websites, or even earlier), O/o the CAG has been constantly objecting against the creation of this fund by raising a series of objections and ultimately recommending the merger of this Fund with the **Consolidated Fund of India (CFI)**.

8. After continuous persuasion by the JCA the work of making the ITWF functional was entrusted with the DoMS by the then Chairman, CBDT during the meeting held on 22nd October, 2019. It was expected that the DoMS would settle the audit objections. But we are sorry to say that no headway in this matter has made thereafter as certain crucial supporting documents could not be produced by the C&S Division, CBDT.

Against this back drop, we propose the following :

A. Instead of this routine exchange of correspondences between DoMS and C&S, both the wings may be asked to examine in a time bound manner (say 10 to 15 days) whether the documents necessary for settlement of audit objections can be traced and whether the audit objections can be settled to revive the ITWF, which has already been notified.

B. If DoMS and C&S Wing do not succeed in this endeavor, the process to create a Benevolent Fund should be started afresh with the same corpus of Rs. 100 Crore (as it still exists separately and has not been merged with the CFI). This time, special care should be taken to remove all the shortcomings pointed out in the earlier occasions like obtaining proper approval of the Union Cabinet, ensuring non-interest bearing character of the Fund etc. We should be guided by the fact **the corpus was not a gift but an incentive in acknowledgement of the hard work put in by the employees of the Department.**

C. While initiating the process, if it is later found that the initiative to create the Fund afresh with the same corpus meets the same fate due to objections from the CAG only then the alternative of creating a **Benevolent Fund** with the voluntary contributions(not mandatory) of the employees and officers (say one day's salary) may be explored. We expect **at least a matching contribution from the CBDT towards this fund.**

It is learnt from the study of DoMS, the annual disburseable sum (annual interest income on the corpus created by donating one day's salary) will be around Rs. 50 lakh,

which is surely not enough for a 60,000 plus workforce. The Board has to explore ways to make the corpus sufficient enough; for its effective functioning.

D. The CBIC is running two similar Funds since long and is successfully managing those for the exclusive benefit of Customs & Central Excise employees & officers [namely **1. Customs & Central Excise Welfare Fund 2. Customs Special Equipment Fund**], having almost the identical purposes as those of ITWF. These benevolent funds were created by skirting similar audit objections. Structures of those funds, their functioning and how they maneuvered the audit objections by CBIC may be looked into for revival of the old Fund or creation of a new Fund.

E. As a part of the benefits to be provided from the proposed the benevolent Fund/ITWF, we suggest that Group Insurance/Medical Insurance may be bought from the Government controlled Insurance companies which will surely provide a great relief and support to the family members of the deceased/sick employees & officers.

Madam, we repose full faith on you that the Welfare/Benevolent fund will soon be made operational and our suggestions (as a main stakeholders) in this regard will be given a serious thought. The Covid-19 induced pandemic has shown how helpless and vulnerable are the employees and officers of this mighty department when it comes to illness and death of our colleagues and their family members and we should not waste any further time and set up/ start the ITWF/Benevolent fund as early as possible.

With regards,

Yours sincerely,



RUPAK SARKAR)
Secretary General

Copy to the **Addl. General of Income Tax, HRD-1, CBDT, New Delhi** for information and necessary action.