

Rule-2BA, Income-tax Rules

[Guidelines for the purposes of section 10(10C).

2BA. The amount received by an employee ofâ€”

- (i) Â a public sector company; or
- (ii) Â any other company; or
- (iii) Â an authority established under a Central, State or Provincial Act; or
- (iv) Â a local [authority; or]
- [(v) Â a co-operative society; or
- (vi) Â a University established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a University under section 3 of the University Grants Commission Act, 1956 (3 of 1956); or
- (vii) Â an Indian Institute of Technology within the meaning of clause (g) of section 3 of the Institutes of Technology Act, 1961 (59 of 1961); or
- [(viii) Â an institution, having importance throughout India or in any State or States, as the Central Government may, by notification in the Official Gazette, specify in this behalf; or]
- (ix) Â such institute of management as the Central Government may, by notification in the Official Gazette, specify in this behalf,]

at the time of his voluntary retirement [or voluntary separation] shall be exempt under clause (10C) of section 10 only if the scheme of voluntary retirement framed by the aforesaid company or authority [or co-operative society or University or institute], as the case may be [or if the scheme of voluntary separation framed by a public sector company,] is in accordance with the following requirements, namely :â€”

- (i) Â it applies to an employee [***] who has completed 10 years of service or completed 40 years of age;
- [(ii) Â it applies to all employees (by whatever name called) including workers and executives of a company or of an authority or of a co-operative society, as the case may be, excepting directors of a company or of a co-operative society;]
- (iii) Â the scheme of voluntary retirement [or voluntary separation] has been drawn to result in overall reduction in the existing strength of the employees [***];
- (iv) Â the vacancy caused by the voluntary retirement [or voluntary separation] is not to be filled up;
- (v) Â the retiring employee of a company shall not be employed in another company or concern belonging to the same management;
- (vi) Â the amount receivable on account of voluntary retirement [or voluntary separation] of the employee does not exceed the amount equivalent to [three monthsâ€™ salary for each completed year of service or salary at the time of retirement multiplied by the balance months of service left before the date of his retirement on superannuation :

[**Provided** that requirement of (i) above would not be applicable in case of amount received by an employee of a public sector company under the scheme of voluntary separation framed by such public sector company.]

Explanation : In this rule, the expression “salary” shall have the same meaning as is assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule.]