

# CANARA BANK OFFICERS FEDERATION (Reg.)

An affiliate of INDIAN NATIONAL BANK OFFICERS' CONGRESS (INBOC)



## The Office of the General Secretary

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Date : 19.12.2024.

To  
The Managing Director & CEO  
Canara Bank  
Head Office  
Bengaluru

Dear Sir,

**SUBJECT: REQUEST FOR ABSORPTION OF INCOME TAX ON PERQUISITES OF EMPLOYEES**

We are writing this letter to bring to your kind notice an issue that has been of a growing concern among the employees i.e. the financial strain caused by the levy of Income Tax on Perquisites extended by the Bank to its employees.

The Bank has been extending various perquisites to the employees based on their position such as residential quarters facility (including leased accommodation), furniture for use at their residence, loans at concessional rates of interest, etc. While these facilities reduce the financial burden, they do not add to their take home pay. But most of these perquisites are subject to Income Tax in terms of Income Tax Act and this additional tax burden significantly impacts employees' disposable income, especially in the current economic scenario where inflation and personal tax obligations continue to rise.

In this connection, we wish to bring to your kind notice that the peer banks like State Bank of India (SBI) and Bank of Baroda have been absorbing the income tax on perquisites on behalf of their employees. This proactive measure not only alleviates the tax burden but also serves as a testament to the management's commitment to the well-being of its workforce.

We believe that Canara Bank, being a premier institution with a longstanding tradition of employee-centric initiatives, is well-positioned to implement a similar policy to absorb the employees' tax liability on perquisites.

Absorbing the tax on perquisite would:

1. **Enhance Employee Morale:** Employees will perceive this measure as a tangible acknowledgment of their dedication and contribution to the Bank's growth.

2. **Align with Industry Leaders :** By adopting this policy, Canara Bank would align itself with industry leaders, reinforcing its reputation as an employer of choice.
3. **Improve Workforce Productivity:** Reducing the financial burden would allow employees to focus more effectively on their professional responsibilities, thereby contributing to the Bank's overall efficiency and success.
4. **Remove anomaly among the employees :** Under Income Tax Act, for the purpose of Income Tax , valuation of accommodation provided by the employer depends on whether the employer owns the same or takes it on lease / rent. It has created an anomaly between the two class of employees of the same grade, serving at the same place – one provided with the bank owned accommodation and the other with leased / rented accommodation, with no fault on their part. Absorption of income tax on perquisites will remove this anomaly.

We respectfully urge the management to give due consideration to this proposal and initiate the absorption of the perquisite tax liability. Such a decision would exemplify the Bank's progressive approach to employee welfare and further strengthen the trust and goodwill between the workforce and the management.

We are confident that this appeal will be received with the thoughtful deliberation it merits, and we look forward to your favorable response.

Thanking you.

Yours sincerely,



(BENNET SEBASTIAN)  
GENERAL SECRETARY  
CANARA BANK OFFICERS FEDERATION