

No. GAD/IEstt/SC/1-B/Gratuity/ 19427  
Maharashtra State Electricity Dist.Co.Ltd  
Prakashgad, Bandra (East)  
Mumbai- 400 051.

Date: 19-06-2010

CIRCULAR

**Sub: Amendment to the Payment of Gratuity Act, 1972 - Clarification regarding taxable Gratuity**

The Ministry of Law & Justice (Legislative Department), Govt. of India has published the Gazette of India extra-ordinary dt. 18<sup>th</sup> May, 2010 as regards the payment of Gratuity (Amendment) Act, 2010.

Accordingly, the Govt. of India/Ministry of Finance, Deptt. Of Revenue, Central Board of Direct Taxes vide Notification No.4082/92/2006-MC (30 of 2010) dated 11.06.2010 and their Press Release dt 11<sup>th</sup> June, 2010 has approved notification of **Rs.10 lakhs as the a maximum amount of Gratuity entitled to exemption in Sub Clause (iii) of Clause-10 of Section10 of Income Tax Act, 1961.** The notification is applicable to employees who retire or incapacitated before retirement or expire, or whose service are terminated on or after 24<sup>th</sup> May, 2010.

All the Drawing & Disbursing Officers in the Corporate Office and Field Office are requested to take note of the same and initiate necessary action for deduction of Income Tax from payable Gratuity to the employees of MSEDCL.

[ Col. Rahul Gowardhan (Retd) ]  
Executive Director (HR)

Encl: As above

To:

All as per mailing list upto the level of Executive Engineer (Dist.) and above  
In HO & Field office.

Copy f.w.cs.to:

- 1) The Executive Director (Dist.)/(CP)/(Projects), MSEDCL, Prakashgad, Bandra(E), Mumbai
- 2) Regional Executive Director (Dist.), I / II / III, MSEDCL, Kalyan, Pune, Nagpur

No.402/92/2006-MC (30 of 2010)  
Government of India / Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

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New Delhi the 11<sup>th</sup> June 2010

**PRESS RELEASE**

The Central Board of Direct Taxes has approved notification of ten lakh rupees as the maximum amount of gratuity entitled to exemption under sub-clause (iii) of clause (10) of section 10 of the Income Tax Act 1961.

The notification will be applicable to employees who retire, or become incapacitated before retirement, or expire, or whose services are terminated, on or after the 24<sup>th</sup> May 2010.

[Notification No.43/2010; F.No.200/33/2009-ITA.I]

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