

4-10(39)/2025/HR-II

Dated 28.11.2025

From

संयुक्त सचिव (प्रशासन)
Joint Secretary (Admn.)

To,

The Directors/Heads of all CSIR Labs/Instts/Units

Sub: Compliance with Taxation Provisions- Deduction of TDS from Encashment of Earned Leave at the Time of Retirement – reg.
Sir/Madam,

This is to inform that references were received from various CSIR Laboratories/Institutes regarding non-deduction of TDS from encashment of Earned Leave at the time of retirement whether on superannuation or otherwise of the employees. The matter was also raised by the CAG during their inspection in various CSIR Labs/Institutes, wherein it was observed that non-deduction of TDS from the cash equivalent of leave salary paid to retired employees was in contravention of the provisions contained in Section 10(10AA) of the Income Tax Act, 1961.

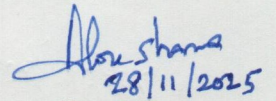
The Audit has inter alia observed that as CSIR is an autonomous body, the exemption from TDS applicable to Central/State Government employees is not automatically extended to employees of CSIR or its constituent Laboratories/Institutes, and that a specific approval of the Government of India would be required to avail such benefit.

The matter was examined in consultation with the Legal Adviser and IFD of CSIR. It has been opined that the provisions of taxation are applicable to CSIR in the same manner as they apply to other autonomous bodies. Hence, exemption under Section 10(10AA) (i) of the Income Tax Act, 1961, as applicable to Central/State Government employees, is not automatically available to employees of CSIR or its constituent units.

In view of the above, all CSIR Labs/Instts are advised to ensure strict compliance with the aforesaid provisions of the Income Tax Act, 1961, in respect of deduction of TDS on payment of leave encashment to employees, at the time of retirement whether on superannuation or otherwise of the employees, as applicable in the case of autonomous bodies.

This issues with the approval of the Competent Authority.

yours faithfully


28/11/2025

(Alok Sharma)
Deputy Secretary

Copy to:

1. PS to Director General, CSIR
2. PS to Joint Secretary (Admn.), CSIR
3. PS to Financial Adviser, CSIR
4. Office of CVO, CSIR
5. Legal Adviser, CSIR
6. All Sr. COFAs/CoFAs/ Sr. DFAs/Dy. FAs/FAOs of CSIR Laboratories/Institutes/HQ/Units
7. All Sr. COAs/COAs/Sr.DS/DS/AO/US of all CSIR Laboratories/Institutes/HQ/Units
8. Head, IT-with the request to host it on CSIR website
9. Office copy