

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. 2005

ANSWERED ON 10.03.2026

WITHDRAWAL OF TAX EXEMPTION FOR DISABLED VETERANS

2005. SMT. PRIYANKA CHATURVEDI:

Will the Minister of FINANCE be pleased to state:

- (a) the policy rationale for limiting income tax exemption on disability pension to personnel “invalided out” of service, excluding superannuated veterans with service-attributable disabilities;
- (b) whether empirical evidence supports this differential treatment;
- (c) whether an impact assessment on elderly and medically vulnerable veterans was conducted;
- (d) whether continuing in service despite disability now results in financial disadvantage; and
- (e) whether Government proposes to review this policy in view of morale and welfare concerns?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a), (b), (c), (d) & (e) The exemption in respect of disability pension received by members of the armed forces who are invalided out of service on account of a disability attributable to or aggravated by military service has existed since the framework under the Income-tax Act, 1922 as provided vide Notification No. 878-F (Income Tax) dated March 21, 1922. When the Income-tax Act, 1961 came into force, the exemption continued through the repeal and savings provisions.

With the enactment of the Income-tax Act, 2025, the earlier enactments pertaining to Income-tax Act, 1922 and related savings provisions ceased to operate. Therefore, in the absence of an express provision in the new Act, the exemption would have lapsed. The present provision has been included to ensure the continuation of the same exemption that existed earlier, including its scope and conditions.
