

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 2775**

ANSWERED ON 17.03.2026

**WITHDRAWAL OF TAX EXEMPTION FROM DISABLED VETERANS**

**2775. SMT. PRIYANKA CHATURVEDI:**

Will the Minister of **FINANCE** be pleased to state:

- a) the estimated annual revenue from taxing superannuated disabled veterans whose disability occurred pre-April 1, 2026 and the percentage of total direct tax collection this represents;
- b) whether revenue-neutral alternatives considered protecting pre-existing disabled veterans through a grandfathering clause while applying new rules prospectively;
- c) the fiscal justification for withdrawing 102-year tax exemption and whether cost-benefit analysis conducted, weighing revenue gain versus military morale impact, litigation costs, compensation for service-attributable disabilities; and
- d) the measures addressing financial hardship for aged, medically vulnerable veterans now facing an unexpected tax burden on fixed pensions?

**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.

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