

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

**LOK SABHA**

**UNSTARRED QUESTION NO. 3787**

TO BE ANSWERED ON MONDAY, MARCH 16, 2026/PHALGUNA 25, 1947 (SAKA)

**INCOME TAX EXEMPTION ON DISABILITY PENSION**

**3787. Ms. Mahua Moitra:**

Will the Minister of FINANCE be pleased to state:

- (a) the reason behind restricting the income tax exemptions only to personnel invalidated out of service along with the details thereof;
- (b) the details of personnel currently receiving disability pensions and the estimated annual revenue to be generated from such taxation, rank-wise;
- (c) the number of disabled personnel who have retired normally from service and the total annual pension expenditure incurred on them;
- (d) the number of disabled personnel invalidated from service and the total annual pension expenditure incurred on them;
- (e) whether the Government has held any consultation with the Ministry of Defence and ex-servicemen on such taxation, if so, the dates and the details of the recommendations of such consultations; and
- (f) whether the Government has made any assessment of the impact of such taxation on the morale of personnel and if so, the details thereof?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a), (b), (c), (d), (e) & (f): The exemption in respect of disability pension received by members of the armed forces who are invalidated 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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