IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH
****

203 **Date of Decision: 09.02.2026**

1. CWP-23225-2010

AVINASH CHAND PURI AND ORS. ...Petitioners

Versus

STATE OF PUNJAB AND ORS. ...Respondents

2. CWP-571-2011

MUKESH CHANDER DIWAN AND ORS. ...Petitioners

Versus

PUNJAB SCHOOL EDUCATION BOARD AND ORS. ...Respondents

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL
HON'BLE MR. JUSTICE YASHVIR SINGH RATHOR

Present:- Mr. Raj Kumar Garg, Advocate with
Mr. Paramjit Kumar, Advocate
for the petitioners

Mr. Arun Jindal, Addl. A.G. Punjab

Mr. Vaibhav Gupta, Advocate
for Income Tax Department *(in CWP-23225-2010)*

Mr. Ranjit Singh Kalra, Advocate with
Ms. Mona Yadav, Advocate
for respondent-PSEB

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JAGMOHAN BANSAL, J. (ORAL)

1. As common issues are involved in the captioned petitions, with the consent of both sides, the same are hereby disposed of by this common order. For the sake of brevity and convenience, facts are borrowed from **CWP-23225-2010.**

2. The petitioners through instant petition under Articles 226/227 of the Constitution of India are seeking setting aside of order dated 10.12.2010 whereby petitioners were directed to deposit income tax on gratuity received over and above Rs.3.5 lakh.

3. The petitioners are retired employees of Punjab School Education Board (for short 'PSEB'). They received gratuity on their superannuation. They were governed by Punjab School Education Board (Payment of Gratuity) Regulations, 1989 framed by respondent with respect to gratuity. In the said regulations, it was provided that Punjab Civil Service Rules would be applicable for the matters which are not covered by the aforesaid regulations. The petitioners were paid gratuity of Rs.3.5 lakh at the time of their retirement. The respondent adopted 5th Pay Commission report of State of Punjab and accordingly increased ceiling of gratuity from Rs.3.5 lakh to Rs.10 lakh. The enhancement took place w.e.f. 01.01.2006, resultantly employees who had retired on or after 01.01.2006 became eligible for enhanced amount. Central Government in exercise of powers conferred by Section 10(10)(iii) of Income Tax Act, 1961 issued notification dated 11.06.2010. As per said notification, exemption beyond Rs.3.5 lakh is available to employees who retired on or after 24.05.2010. In view of aforesaid notification, the respondent issued notices to petitioners. By said notices, the respondent asked the petitioners to deposit income tax on enhanced amount of gratuity.

4. By order dated 02.02.2026, the Income Tax Department was asked to clarify whether any proceeding with respect to TDS on differential amount of gratuity has been initiated against PSEB or demand has been

raised from petitioners. Mr. Gupta, learned counsel for the Income Tax Department submits that as per his instructions, the Department has no record with respect to TDS to be deducted prior to 2010. The Department has not raised any demand from petitioners.

5. Learned counsel for the petitioners submits that till date no recovery has been affected from the petitioners.

6. As Income Tax Department has neither raised demand from petitioners nor initiated proceedings against PSEB alleging short payment of TDS, this Court finds that petitions have become academic, thus, no findings are required to be recorded.

7. Disposed of. The petitioners would be at liberty to move an appropriate application, if cause survives.

8. Pending application(s), if any, also stands disposed of.

(JAGMOHAN BANSAL)
JUDGE

(YASHVIR SINGH RATHOR)
JUDGE

February 09, 2026
Deepak DPA

Whether Speaking/reasoned Yes/No
Whether Reportable Yes/No