



# SOUTHERN RAILWAY EMPLOYEES' SANGH

CENTRAL OFFICE - MEDIA CELL



## NFIR's Relentless Struggle for Exemption of Running Allowance from Income Tax.

NFIR has been consistently fighting to protect the legitimate Income Tax exemption available to Running Staff on the TA portion of Running Allowance. As per Para 924(v) of the Indian Railway Establishment Manual (IREM) Volume-I, only 30% of Running Allowance is treated as pay for taxation purposes, while the remaining 70% is deemed to be Travelling Allowance (TA) component and, therefore, should remain outside the purview of Income Tax.

However, the Central Board of Direct Taxes (CBDT), while allowing exemption on 70% of Kilometrage Allowance (KMA), arbitrarily imposed a ceiling on the exempted amount. Initially, the ceiling was fixed at Rs.10,000/- with effect from 01.01.2011 and, though subsequently revised to Rs.25,000/- from 01.04.2026, the fundamental anomaly still continues. The issue was also raised by NFIR through PNM Item No. 39/2012 and has been consistently pursuing at Railway Board and CBDT.

NFIR has maintained that once 70% of Running Allowance is recognized as TA component under Para 924(v) of IREM-I, there is absolutely no justification for imposing any monetary ceiling for Income Tax exemption purposes. The Federation has repeatedly demanded complete exemption of the entire 70% TA portion of Running Allowance from Income Tax since 01.01.2011.

The issue was vigorously pursued by NFIR at various levels. Several meetings were held with the Chairman, Railway Board, wherein the Federation forcefully projected the injustice being caused to Running Staff. On the insistence of NFIR, the Chairman, Railway Board also took up the matter with the CBDT Chairman, seeking appropriate relief. Unfortunately, despite repeated efforts, no positive response has been received from the CBDT.

NFIR firmly holds that the present taxation rule effective from 01.04.2026 is contrary to the spirit and provisions of Para 924(v) of IREM-I. The Federation reiterates that the 70% portion of Running Allowance amount, being purely compensatory in nature towards travel-related expenditure (i.e. TA) cannot be subjected to arbitrary taxation ceilings.

The Federation assures all Running Staff that NFIR shall continue its determined struggle till complete exemption of the entire 70% TA portion of Running Allowance from the purview of Income Tax is achieved with retrospective effect.

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**CENTRAL OFFICE**

**22.05.2026**

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