

Question and Answers about Gratuity - Pensioners Portal

Frequently Asked Questions (FAQs)
(Central Civil Pensioners)
(Last updated/Reviewed: 04.11.2013)

GRATUITY

F.7 When will the gratuity withheld at the time of retirement be released?

The withheld amount of gratuity under sub-rule (5) of CCS(Pension) Rules, 1972, the retiring Government employees, shall be paid immediately on production of "No Demand Certificate" from the Directorate of Estates after actual vacation of the Government accommodation.

The Directorate of Estates shall ensure that "No Demand Certificate" shall be given to the Government employee within a period of fourteen days from the actual date of vacation of the Government accommodation and the allottee shall be entitled to payment of interest (at the rate applicable to General Provident Fund deposit determined from time to time by the Government of India) on the excess withheld amount of gratuity which is required to be refunded., after adjusting the arrears of licence fee and damages, if any, payable by the allottee and the interest shall be payable by the Directorate of Estates through the concerned Accounts Officer of the Government employee from the actual date of vacation of the Government accommodation up to the date of refund of excess withheld amount of gratuity.

F.8 Whether retirement gratuity/death gratuity, commuted value of the pension is taxable?

No. Death gratuity/retirement gratuity and commuted value of the pension are fully exempted from Income tax.

F.9 Is there any ceiling on gratuities and if so what is the maximum amount admissible?

Yes. Ceiling on all gratuities has been raised to Rs. ten lakhs w.e.f 01.01.2006 (earlier the limit was Rs.3.5 lakhs). DA admissible on the date of retirement is also to be added with pay for calculation of gratuity.

F.10 Whether retirement gratuity, death gratuity can be paid by PAO/CPAO?

No. The amount of retirement/death gratuity as determined by the PAO shall be intimated to the Head of Office who will draw and disburse the amount to the retired Government servant or to the nominee/family as the case may be.

F.11 Whether 10% gratuity or whole of the Gratuity is to be withheld at the time of retirement of all Government Servants?

No. The Administrative Deptt/Accounts Officer shall not withhold any gratuity unless the Head of Office

a) Enclose instructions received from Directorate of Estate for withholding of 10% gratuity for outstanding license fee.

Or

b) Informs of ongoing disciplinary proceedings.

Source: www.pensionersportal.gov.in

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