

All India Bank Officers' Confederation v. The Regional Manager, Central Bank of India and Others

Civil Appeal No. 7708 of 2014 and connected proceedings (full list below)

2024 INSC 389; [2024] 5 S.C.R. 906 | 2024-05-07

Whether section 17(2)(viii) and Rule 3(7)(i) involve excessive delegation, and whether using the SBI interest benchmark to value interest-free or concessional employee loans violates Article 14.

17(2)(viii)

Two-judge bench | Sanjiv Khanna, J. | Dipankar Datta, J.

Assessment years: See the source-scope notes; no year inferred.

01 FACTS OF THE CASE

Staff unions and officers' associations of various banks challenged the statutory and rule framework taxing the benefit of interest-free or concessional employee loans as a salary perquisite. They appealed High Court judgments dismissing their writ petitions. The challenges concerned excessive or unguided delegation to CBDT and the alleged arbitrariness of valuing the benefit against SBI's benchmark rather than the particular employer-bank's customer lending rate. The Court addressed the post-1 April 2004 version of Rule 3(7)(i); footnote 11 expressly states that the earlier 1 April 2001 to 31 March 2004 version was not challenged. The judgment uses section 17(2)(viii) consistently while explaining its relationship to the earlier residuary clause (vi). No individual loan balance, assessment year or tax amount was adjudicated.

Source: [official signed judgment / paragraphs 1-3; 7 and footnotes 4, 9-11 / PDF pages 1, 2, 3, 5, 6 / judgment](#); [reported rendition / paragraphs 1-3; 7 and footnotes 4, 9-11 / PDF pages 7, 8, 11, 12 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court explained that a perquisite is an advantage incidental to employment and additional to salary. An employer-provided interest-free or concessional loan is such a fringe benefit. The inclusive statutory definition gives examples and then leaves room for other benefits within the same identified category. Its familiar commercial meaning and the structure of section 17 supplied sufficient legislative policy and guidance; the power delegated to CBDT was not unlimited (paragraphs 8-23).

The legislature must retain essential legislative policy, but may delegate implementation details within stated standards. Applying the constitutional authorities discussed in paragraphs 21-30, the Court held that section 17(2)(viii) did not delegate an essential function excessively and that Rule 3(7)(i) fell within that guided power. This is not authority for unrestricted executive creation of taxes without legislative policy or safeguards (paragraph 31).

The Court also upheld the SBI benchmark against the Article 14 challenge. It considered a clear, uniform reference rate rational: it avoids case-by-case determination of each bank's customer rates, reduces disputes and provides predictable valuation. Fiscal measures receive latitude for workable classifications and formulae (paragraphs 32-34). The rule as reproduced computes the benefit by reference to SBI's rate on the first day of the relevant previous year for loans of the same purpose, applied to the maximum outstanding monthly balance and reduced by interest actually paid. The reproduced rule retains medical-treatment and small-loan exceptions, including its medical-insurance-reimbursement qualification. The judgment's shorthand reference to PLR is not a reason to disregard those conditions or to substitute one undifferentiated rate for every loan category.

Source: [official signed judgment / paragraphs 7-34 / PDF pages 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 / judgment](#); [reported rendition / paragraphs 7-34 / PDF pages 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 / judgment](#)

03 JUDICIAL DECISION

The Court rejected the excessive-delegation and Article 14 challenges, upheld the impugned judgments of the Madras and Madhya Pradesh High Courts, and dismissed all the appeals without an order as to costs. It upheld the challenged framework; it did not compute any employee's perquisite, prescribe a new numerical lending rate or decide an individual exception claim.

Source: [official signed judgment / paragraphs 31-35 / PDF pages 15, 16, 17 / judgment](#); [reported rendition / paragraphs 31-35 / PDF pages 19, 20, 21 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Respondents/Revenue on the validity challenges

All twelve listed appeals dismissed; High Court judgments upheld; no costs

Statutory delegation and rule-validity questions decided

The challenged post-2004 loan-perquisite framework and SBI benchmark are upheld. Individual valuation facts and the rule's exceptions were not adjudicated case by case; the pre-April 2004 rule was outside the challenge.

Source: [official signed judgment / paragraphs 35 / PDF pages 17 / judgment](#); [reported rendition / paragraphs 35 / PDF pages 21 / judgment](#)

05 AKHB REVIEW POINT

Distinguish the upheld legal framework from the actual payroll calculation. For the relevant statutory period, retain the loan purpose, first-day SBI rate evidence, monthly outstanding balances, employee interest payments and documents supporting any exception. The employer's own customer lending rate was not accepted as a mandatory replacement benchmark. Do not treat the judgment as imposing tax on every loan regardless of the exceptions, as certifying today's SBI rates, or as automatically applying an equivalent rule under the Income-tax Act, 2025. Verify the operative rule version and subsequent treatment before reliance.

Source: [official signed judgment / paragraphs 7; 11-12; 31-34 / PDF pages 5, 6, 7, 8, 15, 16, 17 / judgment](#); [reported rendition / paragraphs 7; 11-12; 31-34 / PDF pages 11, 12, 13, 19, 20, 21 / judgment](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 7708 of 2014 / Civil Appeal No. 18457 of 2017 / Civil Appeal No. 18458 of 2017 / Civil Appeal No. 18459 of 2017 / Civil Appeal No. 18460 of 2017 / Civil Appeal No. 18461 of 2017 / Civil Appeal No. 18462 of 2017 / Civil Appeal No. 18463 of 2017 / Civil Appeal No. 18464 of 2017 / Civil Appeal No. 18465 of 2017 / Civil Appeal No. 18466 of 2017 / Civil Appeal No. 18467 of 2017

RULES CONSIDERED

Income-tax Rules, 1962: Rule 3(7)(i); Rule 3A medical-treatment exception

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

15; 16; 17(1); 17(2)(vi), historical residuary clause

OTHER PROVISIONS CONSIDERED

Constitution of India: Article 14

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(official signed judgment\)](#)

Identified source rendition: 17 PDF pages; SHA-256

28ddc098c5668e5ace18050a0b3c59430ca5f422caf3a7962dde3f87b5666f67. Original bytes preserved.

[Open cited source rendition](#)

Lead appeal number differs within the reported rendition: cover 7780/2014 versus preface 7708/2014. Official cover and every official footer confirm 7708/2014.

The judgment expressly excludes the pre-1 April 2004 version of Rule 3(7)(i) from the challenge; later renumbering of the residuary section clause is explained in footnote 4.

The statutory quotation contains broad section 17 categories, but only the loan-perquisite delegation and benchmark challenges are decided; no independent holding on every quoted benefit category is inferred.

Paragraph 34 refers briefly to Rule 3(7), while the pleaded issue and entire loan analysis concern Rule 3(7)(i). The note does not claim universal validity adjudication of all unrelated sub-rules.

The first-day, same-purpose and monthly-balance conditions in the rule are retained rather than replacing them with a bare universal PLR instruction.

No employee loan figures, AYs, current rates or presently applicable small-loan threshold are invented.

Constitutional/statutory validity challenges by associations; no particular individual assessment year or computed employee liability is identified.

The official cover and page footers identify lead Civil Appeal 7708/2014, also printed in the reported jurisdictional preface. The reported first-page cover instead prints 7780/2014; the original controls.

STATUTORY SCOPE

Post-1 April 2004 Rule 3(7)(i), historical section 17(2)(vi) and current-at-judgment clause (viii) as explained in the source

No present-day numerical SBI rate, individual tax computation or automatic mapping to the Income-tax Act, 2025 is certified.

LATER TREATMENT

Source checked 2026-10-04. Subsequent appeals, review proceedings, stays, reversals and later judicial treatment have not been comprehensively checked. This note is not a citator status certificate.

IDENTIFIED SOURCE LINKS

[official signed judgment - PDF pages: 17](#)

SHA-256: 28ddc098c5668e5ace18050a0b3c59430ca5f422caf3a7962dde3f87b5666f67

[reported rendition - PDF pages: 21](#)

SHA-256: 0626ed05bb2b05beb3964050af8cf6675988675898c890f8b5c2b41ca8c92eb6

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