Deductions Under Chapter VI A of The Income Tax Act, 1961

[Submitted by CA. Jayesh Satish Behede,
B.Com (Hons.), ACA
Jalgaon, Maharashtra]

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Section	Assessee	Qualifying Payments/Income		Conditions/Incidents		Deductions	
						Qualifying Amt.	**Quantum**
A.	**Important Deductions from Gross Total Income**						
80C [with effect from A.Y.2006-07]	Individual [HUF]	1.	LIP; (restricted to 20% of capital sum assured)	1.	LIP/PPF/ULIP of self, spouse, children (including minors) or members of HUF.	Rs. 100,000	100% of the amount invested / paid or Rs. 100,000 whichever is less. (Note: The total deduction that an assessee can claim under sections 80C, 80CCC and 80CCD would be restricted to Rs. 100,000 per annum as per the provisions of Section 80CCE)
		2.	(a) PF, (b) Superannuation Fund, (c) PPF; (d) RPF	2.	PF contribution not to exceed 1/5th of salary.		
		3.	Deposits in P.O. Savings Bank (CTD).	3.	Land cost for residential house is also qualified.		
		4.	ULIP of UTI or LIC Mutual Fund's Dhanraksha 1989	4.	House should not be transferred for 5 years.		
		5.	Subscriptions to NSC VIII Issues.	5.	Term Deposit mentioned at Point 15 would be for a fixed period of not less than five years and as per scheme to be notified by Central Government		
		6.	Deposits with National Housing Bank.	6.	Shares and Debentures mentioned at Point Nos. 12 and 13 in previous column will have lock-in-period of three years.		
		7.	Housing Loan repayments	7.	No exemption should be claimed in respect of same investment u/s. 54EA/54EB/54EC.		
			Subscription to		Sum paid/ invested		

		8.	schemes of PSUs providing long-term finance for housing.	8.	need not be out of current years chargeable income		
		9.	Notified annuity plan of LIC or of any other approved insurer.	9	Clauses(i) to (vii), Clauses(xii) to (xiii), Clauses (xiiic) to (xiva) & Clause (xv) of sub-section(2) of section 88 shall be eligible for deduction under corresponding provision of this section.		
		10.	Units of Mutual Fund or UTI.				
		11.	Notified Pension Fund or Mutual Fund.				
		12.	Tuition Fees (not donation or development fees) towards full time education of any 2 Children of an Individual paid to University, College, School, etc. in India.				
		13.	Investments in shares or debentures of approved public company exclusively engaged in infrastructure facility or power sector.				
		14.	Investments in units of notified mutual fund investing in approved public cos. as in 13 above.				
		15.	Term Deposit with scheduled bank.				
80CCC	Individual	Payment made out of taxable income to LIC or to any other approved insurer under approved Pension Plan.		1	Rebate is allowable u/s. 88 to A.Y. 2005-06.	Rs. 10,000 (For A.Y. 2006-07) Rs. 1,00,000 (For A.Y. 2007-08)	Least of amount paid or Rs. 10,000. (refer in 80c above).
				2	Deduction is allowable u/s. 80C w.e.f. A.Y. 2006-07		
				3	Pension received or amount withdrawn is taxable in the year of receipt.		
80CCD	Individual who is a Central Government employee, employed on or after 1-1-2004	Contribution made by the assessee and by the Central Government to the notified Pension scheme		1.	Rebate is allowable u/s. 88 up to A.Y. 2005-06.	-	Amount contributed by the assessee and/or the Central Government as does not exceed in each case 10% of his salary (including D.A. but excluding all other allowances and perks) (refer in 80c above)
				2.	Deduction is allowable u/s. 80C w.e.f. A.Y. 2006-07		
				3.	Pension received or amount withdrawn by the assessee or his nominee is taxable in the year of receipt		
80D	Individual/ HUF	Premia paid out of taxable income to			Insurance on the health of the	Rs. 10,000 Rs. 15,000	100% of the premia paid or

	HUF		approved scheme of GIC (Mediclaim, Bhavishya Arogya) or any other approved insurer.	1	assessee, spouse, dependent parents/children, members of HUF.	(for senior citizen)	Rs. 10,000 (Rs. 15,000 for senior citizen) whichever is less.
				2	Payment should be made by cheque.		
80DD	Individual/ HUF (Resident)	1	Expenses incurred for Medical Treatment (including Nursing), Training & Rehabilitation of a dependent with (severe/ordinary disability).	1	For meaning of the word 'disability' reference is to be made to Sec 2(i) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (PDEOPRFP), and section 2(a), (c) and (h) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities Act, 1999 (NTWPACPMR MD Act). Disabilities covered are blindness, low vision, leprosy-cured, hearing impairment, locomotor disability, autism, cerebral palsy, multiple disability, mental retardation and mental illness. (Defined in Expln. (f) to sec. 80DD)	-	Rs. 50,000 for Ordinary disability Rs. 75,000 for severe disability
		2	Amount paid/deposited to any scheme framed by LIC/UTI approved insurer/administrator (now known as Specified Company), for payment of annuity or lump sum amount for the benefit of dependent person with disability.	2	Under PDEOPRFP Act, a person with disability means a person suffering from not less than 40% of any disability and severe disability means 80% of one or more of such disability.		
				3	A certificate in prescribed form and manner from medical authority as defined in Expln. (e) to sec. 80DD, stating the extent of disability and the validity of period, is required to be submitted with the Return of Income. On expiry of the certificate a reassessment of the condition of		

				disability is required to be done.			
			4	Nomination can be either in favour of disabled dependent or any other person or a trust in case of investment in scheme.			
			5	If the disabled dependent predeceases the individual or the member of HUF in whose name subscription is made then the entire amount paid/deposited in scheme will be treated as taxable income in the year of receipt.			
			6	Handicapped dependent has been defined in Expln. (b) to sec. 80DD.			
			7	"Person with disability" is defined in Expln. (f) and "Person with severe disability" is defined in Expln. (g) to sec. 80DD.			
			8.	"Medical authority" is defined in explanation (e) to section 80DD.			
80DDB	Individual/HUF (Resident)	Amount actually paid for medical treatment of such disease or ailments as may be specifed.	1	Deduction available for expenses on self, dependent or a member of HUF.	Rs. 40,000 (Rs. 60,000 for senior citizen)	1)	Least of amount paid or Rs. 40,000 (Rs. 60,000 for senior citizens)
			2	Assessee is required to furnish a certificate in prescribed form from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist as may be prescribed, working in a Government Hospital along with the return of income.		2)	Amount received from an insurer of reimbursed by employer for the medical treatment is to be reduced.
			3	Refer to Explanation to Section 80DDB for definitions of			

				relevant terms.			
80E	Individual	Repayment (out of taxable income) of interest on loan taken for pursuing higher education	1	The loan should be from an approved charitable institution notified u/s. 10(23C)/ referred to in S. 80G(2)(a)/a banking co./ notified financial institution.	-	The entire amount of interest is deductible without any limit	
			2	Higher education means full time studies for any graduate/post-graduate course in engg., medicine, management, architecture or for post-graduate course in applied sciences or pure sciences including mathematics and statistics.			
			3	Available for a maximum of 7 A.Ys. after initial assessment year in which the loan is taken or interest is paid in full, whichever is earlier.			
80G	Any Assessee [except u/s. 80G (2)(c)]	Donations for charitable purposes specified in S. 80G(2)	1	Donations should not be in kind.	Amount of Donations, not exceeding 10% of GTI (As reduced by other deductions). In certain cases this limit does not apply. Please see S. 80G(4)	1.	50% generally; and
			2	If paid out of another year's income or out of income not includible in the assessment of the current year the deduction still available (Lt. F. No. 45/313/66-ITJ(61) dt. 2-12-1966.		2	100% in cases of PM's Relief Funds, Gujarat Earthquake Relief Funds, etc. [Ref. S. 80G(1)(i)]
80GG	Any Assessee [other than having any income falling u/s. 10(13A)] i.e., House Rent Allowance]	Expenditure incurred towards payment of rent in respect of furnished or unfurnished accommodation occupied for his own residence.	1	This section does not apply where residential accommodation is owned by assessee, his spouse, minor child or by HUF at a place where assessee ordinarily resides or carries on business or profession.	Expenditure in excess of 10% of his total income.	Not more than i) Rs. 2,000/- per month or ii) 25% of the total income whichever is less	
			2	This section does not apply where the assessee owns residential accommodation at any other place			

				which is in occupation of the assessee.		
			3	Assessee to submit a declaration in Form No. 10BA with the Return of Income.		
			4	Ten per cent of his total income means assessee's total income before allowing deduction for any expenditure under this section.		
80GGA	Any Assessee	Donations for Scientific Research or research in social sciences or Rural Development or Conservation of Natural Resources or to National Urban Poverty Eradication Fund or for eligible project/scheme.	1	Assessee should not have income under the head 'Profits and Gains of Business or Profession'.	Amount of Donations	100%
			2	Donee should be approved u/s. 35 or 35CCA or 35AC.		
80GGB	Indian Company	Any sum contributed to any political party	1	For the meaning of term 'contribute', refer explanation to section 80GGB	Amount of Contribution	100%
			2	For the meaning of term 'political party', refer to Explanation to section 80GGC		
80GGC (w.e.f. 22-9-2003)	Any Assessee [Except local authority and artificial juridical person wholly or partly funded by the Government	- do -	1	For the meaning of term 'political party', refer explanation to section 80GGC	Amount of Contribution	100%

Section	**Eligible undertaking/enterprise**		**Date of Commencement**	**Amount of Deduction and Period**	
80-IA	1	Infrastructure enterprise : business of (i) developing, (ii) maintaining and operating, or (iii) developing, maintaining and operating new infrastructure facility - i.e., road, bridge, airport, port, waterways, rail systems, highway project, water treatment/ water supply/ irrigation/ sanitation/ sewerage/ solid waste management systems.	After 1.4.1995		100% for 10 consecutive A.Ys. out of 15 A.Ys In case of road, highway project water supply project, port, etc. 100% for 10 consecutive A.Ys. out of 20 A.Ys.
	2	Telecommunication undertakings : basic or cellular, radio paging, domestic satellite service or network of trunking and electronic data interchange services, broadband network & internet services.	1.4.1995 to 31.3.2005		100% for first 5 A.Ys. 30% for next 5 years Any 10 consecutive A.Ys. out of first 15 years.
	3	Industrial parks including special economic zone : undertakings that	1.4.1997 to 31.3.2009		100% for 10 consecutive A.Ys. out of 15 years

		a. develops; b. develops and operates; or c. maintains and operates a notified industrial park.						
	4	Power undertakings :						
		-		undertakings engaged in a. generation; or b. generation and distribution of power	1.4.1993 to 31.3.2010		100% for 10 consecutive A.Ys. out of 15 years.	
		-		undertakings engaged in transmission or distribution (only profits derived from laying of such network of new lines)	1.4.1999 to 31.3.2010			
		-		undertakes substantial renovation and modernization (i.e., increase in book value of plant & machinery by 50% as compared to book value as on 1-4-2004) of existing transmission or distribution lines as defined in Explanation to sec. 80-1A(4)(iv)(c)	1.4.2004 to 31.3.2010			
	5	Undertaking owned by an Indian company and set up for reconstruction or revival of a power generating plant:						
		a)		Indian company should be formed before 30.11.2005 and notified by Cent. Govt. before 31.12.2005				
		b)		Undertaking should begin to generate or transmit or distribute power before the 31st day of March 31.12.2007				
		Note:	1)	All the assessees claiming benefit under 80-IA is required (including companies & co-operative societies) to furnish separate Audit Report in Form No. 10CCB u/s 80-IA w.e.f. A.Y. 2003-2004				
			2)	The assessee needs to comply with the conditions stipulated in sub-sections (3), (4) and (7) of section 80-1A.				
			3)	The provisions of this section shall not apply to any Special Economic Zone notified on or after 1.4.2005 in accordance with the scheme referred to in sub-clause (iii) of clause (c) of sub-section (4)				
80-IB	1	Industrial Undertakings :						
		a)		Other than (b), (c) & (d)	1.4.1991 to 31.3.1995	25% (30% for Cos.)	First 10 A.Ys.	[12 A.Ys. if assessee is a co-op. society]
		b)		SSI U/Cold Storage other than (c) & (d) below	1.4.1995 to	25%	First 10	[12 A.Ys. if assessee is a

			(c) or (d) below	31.3.2002	(30% for Cos.)	A.Ys.	co-op. society]
	c)	i.	Backward State (Eighth Schedule) (In the case of State of Jammu & Kashmir, the date of commencement has been extended to 31-3-2007)	1.4.1993 to 31.3.2004	100% 25% (30% for Cos.)	First 5 A.Ys. Next 5 A.Ys.	[12 A.Ys. if assessee is a co-op. society]
		ii.	Notified Industries in N.E. Region	1.4.1993 to 31.3.2004	100%	First 10 A.Ys.	
	d)		Backward District				
			- Category 'A'	1.10.1994 to 31.3.2004	100% 25% (30% for Cos.)	First 5 A.Ys. Next 5 A.Ys.	[12 A.Ys. if assessee is a co-op. society]
			- Category 'B'	1.10.1994 to 31.3.2004	100% 25% (30% for Cos.)	First 3 A.Ys. Next 5 A.Ys.	[12 A.Ys. if assessee is a co-op. society]
2	Ships :			1.4.1991 to 31.3.1995	30%	First 10 A.Ys.	
3	Hotels (approved by prescribed authority) :						
	-		Hilly Area/Rural Area/Place of Pilgrimage/other notified areas	1.4.1990 to 31.3.1994 or 1.4.1997 to 31.3.2001	50%	First 10 A.Ys.	
	-		Other places	1.4.1991 to 31.3.1995 or 1.4.1997 to 31.3.2001	30%	First 10 A.Ys.	
4	Company carrying on Scientific Research & Development			a) If approved by prescribed authority before 1.4.1999	100%	First 5 A.Ys.	
				b) If approved by prescribed authority after 31.3.2000 but before 1.4.2007	100%	First 10 A.Ys.	
5	Undertaking engaged in commercial production or refining of mineral oil						
	-		North Eastern Region	Before 1.4.1997	100%	First 7 A.Ys.	
	-		Other Region	On or after 1.4.1997	100%	First 7 A.Ys.	
6	Undertaking developing & building housing projects Conditions :			If approved by Local Authority before 31.03.2007	100%	Projectwise	1. The assessee has to comply with the conditions stipulated in sub-section

		i) minimum plot area : one acre ii) residential unit has maximum built up area of 1,000 sq. ft. in Delhi/Mumbai; 1,500 sq. ft. in other areas built up area of shops / other commercial establishments not to exceed 5% of agreegate built up area or 2000 sq. ft., whichever is less. iii) Construction should be completed within 4 years from the end of F.Y. in which the project is approved or by 31.3.2008 where project is approved before 1-4-2004.				(10). 2. Also refer to the definitions of relevant terms given in sub-section (10)
	7	Undertaking engaged in integrated business of handling, storage and transportation of foodgrains or the business of processing, preservation of packaging of fruits and vegetables	On or after 1.4.2001	100% 25% (30% for Cos.)	First 5. A.Ys. Next 5 A.Ys.	
	8	Business of building, owning and operating a multiplex theatre other than in Mumbai, Delhi, Kolkata or Chennai.	01.04.2002 to 31.03.2005	50%	First 5 A.Ys.	
	9	Business of building owning and operating a convention centre.	01.04.2002 to 31.03.2005	50%	First 5 A.Ys.	
	10	Undertaking engaged in setting up and operating a cold storage facility for agricultural produce	01.04.1999 to 31.03.2004	100% 25% (30% for Cos.)	First 5 A.Ys. Next 5 A.Ys.	[12 A.Ys. in case of co-op. society]
	11	Undertaking engaged in operating and maintaining a hospital with at least 100 beds in a rural area. **Note 1:** Deduction u/s 80-IB shall not be allowed w.e.f. AY 2004-05 to those undertaking covered u/s 80-IC **Note 2 :** No deduction u/s 80-IB (4) will be available to an industrial undertaking set up in the State of Jammu & Kashmir, which is engaged in the manufacture or production of any item listed in Part C of the Thirteenth Schedule ("the Negative list")	Hospital constructed between 1.10.2004 and 31.3.2008	100%	First 5 A.Ys.	The assessee has to comply with conditions stipulated in sub-section(11B)
80-IAB	Undertaking which is engaged in development of Special Economics Zones (SEZ)		SEZ notified on or after 1-4-2005 under the SEZ Act, 2005	100%	For 10 Consecutive A.Ys. out of 15 years	
	Notes					
	i)	Where a Developer transfers the operation and maintenance of such SEZ to another Developer, the deduction under sub-section(1) shall be allowed to the latter for the remaining period in the ten consecutive assessment years.				
	ii)	Provisions of sub-sections (5), (7) to (12) of section 80-IA shall apply to the SEZ				
	iii)	"Developer" and "Special Economic				

	iii)	Zone" shall have meanings assigned to them in clauses (g) and (za) of section 2 of SEZ Act, 2005				
80-IC	1	Undertaking which begins to manufacture or manufactures and undertakes substantial expansion of article or things not being article or thing specified in Thirteenth Schedule in Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Park or Software Technology Park, or Industrial Area or Theme Park as notified by board and Central Government in :				
		a) State of Sikkim	23.12.2002 - 01.04.2012	100%	First 10 A.Ys.	
		b) States of Himachal Pradesh & Uttaranchal	07.01.2003 - 01.04.2012	100% 25% (30% for Cos.)	First 5 A.Ys. Next 5 A.Ys.	
		c) North-Eastern States	24.12.1997 - 01.04.2007	100%	First 10 A.Ys.	
	2	Undertaking which begins to manufacture or commences operation or manufactures and undertakes substantial expansion article or things mentioned in Fourteenth Schedule:				
		a) State of Sikkim	23.12.2002 - 01.04.2012	100%	First 10 A.Ys.	
		b) States of Himachal Pradesh & Uttaranchal	07.01.2003 - 01.04.2012	100% 25% (30% for Cos.)	First 5 A.Ys. Next 5 A.Ys.	
		c) North-Eastern States	24.12.1997 - 01.04.2007	100%	First 10 A.Ys.	
		Note :				
		i) The Assessee must fulfil other conditions prescribed u/s 80-IA, like Audit Report, etc.				
		ii) No deduction under any other section in Chapter VIA or 10A or 10B.				
		iii) Period of 10 A.Ys. shall include period deduction availed u/s 80-IB/ 10C				
80P Co-operative Society*	1	Profits arising out of banking; cottage industries; marketing, processing, purchase related to agriculture; fishing and allied activities	-	100%		
	2	Primary Co-operative Society engaged in supplying milk, oil seeds, fruits or vegetables grown by its member to specified bodies	-	100%		
		(a) Consumer Co-operative				

	3		Society		Maximum Rs. 1,00,000			
		(b)	Others		Maximum Rs. 50,000			
	4	Income by way of interest or dividends derived from investments and other Co-operative Societies		100%				
	5	Income derived from letting godowns and warehouses for storage, processing or marketing of commodities		100%				
	*	Excluding all co-operative banks other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank.						

Section	Assessee	Qualifying Payments/ Income		Conditions/Incidents		Deductions	
						Qualifying Amt.	Quantum
80JJA	Any Assessee	Profits and gains derived from business of collecting and processing or treating of bio-degradable waste for generating power or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas making pellets or briquettes for fuel or organic manure.		-		Such profits and gains	Whole of such profits and gains for first 5 consecutive A.Ys.
80JJAA	Indian Company	Additional wages paid to new regular workmen employed during the previous year.		1	Total income includes profits & gains derived from any industrial undertaking engaged in production of article or thing.	Such additional wages	30% of additional wages for first 3 A.Ys. including the year in which such employment is provided.
				2	The industrial undertaking is not formed by reconstruction or splitting up of an existing one or amalgamation with another industrial undertaking.		
				3	Auditors' report in Form 10DA to be furnished.		
				4	For definition of additional wages, regular workman etc. refer to Explanation to section 80JJAA		
80QQB (w.e.f. A.Y. 2004-05)	Resident Individual	a.	Lump sum consideration for assignment or grant of any interest in copyright of any book being a work of literary artistic or scientific nature	1	Income earned outside India should be brought into India within 6 months of the end of the P.Y or the time extended by RBI.	Lump sum consideration in lieu of all rights Royalties or Copyright Fees	a) 100% of such consideration or Rs. 3 lakhs whichever is less.
		b.	Royalty or copyright fees in respect of such book	2	Certificate in Form 10CCD should be furnished.		b) 100% of such royalty or fees not in excess of 15% of the gross sale value of books sold in the P.Y; or Rs. 3 lakhs whichever is less

				3 In respect of income earned from source outside India, Certificate in Form No. 10H should be furnished.		
80RRB	(a) Resident Individual (b) Patentee	Income by way of Royalty in respect of patents		1 Patents should have been registered on or after 01.04.2003 under Patent's Act, 1970 2 Income earned outside India should be brought into India within 6 months of the end of the P.Y or the time extended by RBI 3 Certificate in prescribed form should be furnished. Form 10CCE - if in India, Form 10H - outside India. 4 Various expressions/terms used have been defined in Explanation to Section 80RRB. 5 Amount shall not exceed the amount of royalty under terms & conditions of a licence settled by controller under the Act.	Income by way of Royalty	Whole of such income or Rs. 3 lakhs whichever is less
80U	Resident Individual	Income of a person, with disability as defined		Certificate from Medical Authority in the form and manner prescribed (refer section 80DD)	Rs. 50,000 Rs. 75,000	Ordinary Disability Severe Disability (Refer to Explanation to section 80U for definitions of various terms and expressions used).

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