Deductions from Gross Total Income for A.Y. 2010-11

By:- CA. Krishan Vrind Jain
jainkv@gmail.com

JAIN K. VRIND & CO.
Chartered Accountants

Introduction

1. Provided by the Income Tax Act, 1961.
2. Contained in Chapter VI – A and in the form of deductions from section 80C to 80U.
3. They are the permissible amount by which the gross total income is reduced to arrive at the total income liable to tax.
4. They are intended to act as incentive to the assessee for achieving certain economic objectives.

Basic Rules

Rule 1

The aggregate amount of deductions under sections 80C to 80U cannot exceed gross total income.

Rule 2

These deductions are to be allowed only if the assessee claims these and gives the proof of such investments/ expenditure/ income.

80AC All Assessee

- Deduction u/s. 80-IA/80-IAB/80-IB/80-IC or 80-ID shall be allowed only if returns are furnished within the time limit u/s. 139(1) w.e.f. 1-4-2008

80C(with effect from A.Y. 2006-07) Individual/HUF

•100% of the amount invested / paid or Rs. 100,000 whichever is less.

•Sum paid/invested need not be out of current year's chargeable income.

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.

80 C Instruments

1. LIP; (restricted to 20% of capital sum assured) of self, spouse, children (including minors) or members of HUF.
2. (a) PF, (b) Superannuation Fund, (c) PPF; (d) RPF. not to exceed 1/5th of salary.
3. Deposits in P.O. Savings Bank (CTD).
4. ULIP of UTI or LIC Mutual Fund's Dhanraksha 1989.
5. Subscriptions to NSC VIII Issues.
6. Deposits with National Housing Bank.
7. Housing Loan repayments. Land cost for residential house is also qualified. House should not be transferred for 5 years.
8. Subscription to schemes of PSUs providing long-term finance for housing.
9. Notified annuity plan of LIC or of any other approved insurer.

80 C Instruments

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. lock-in-period of three years.
14. Investments in units of notified mutual fund investing in approved public cos. as in 13 above.
15. Term Deposit with scheduled bank. not less than five years
16. Deposit in Senior Citizen Savings Scheme 2004 and Post Office Time Deposit account

80 C effects of LIC termination

Termination of insurance contract by notice to this effect or contract ceases due to failure to pay premium by not reviving insurance contract

(a) in case of single premium policy within 2 yrs. after the date of commencement of insurance

(b) in any other case before premium has been paid for 2 yrs.w.e.f. 1-4-2007 **then** :–

(I) no deduction shall be allowed to the assessee under sub-sec.

If any equity, shares, or debenture are sold or transferred by any asseesee to any person at any time within 3 yrs. from date of acquisition the amt of deduction in respect of sale price so allowed shall be deemed to be income of assessee in P.Y. and shall be liable to pay tax in A.Y. relevant to such P.Y. w.e.f. 2007

80C effects of FD withdrawlas

- If the assessee withdraws the amount from such accounts within expiry of 5 years from the date of its deposit, the amount withdrawn shall be deemed to be the income of the assessee in the previous year in which the amount is withdrawn except in the case of death when the said amount is received by the nominee or the legal heirs.
  Note:- Effective from A.Y. 2008-09

80CCC Pension Plan

- Payment made out of taxable income to LIC or to any other approved insurer under approved Pension Plan.
- Rs. 10,000 (For A.Y. 2006-07), Least of amount paid or Rs. 1,00,000
- Pension received or amount withdrawn by the assessee or his nominee is taxable in the year of receipt.
- a deduction for such amount shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.

80CCD

- Individual who is a Central Government employee employed on or after 1-1-2004 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).
- Pension received or amount withdrawn by the assessee or his nominee is taxable in the year of receipt

80D Individual/HUF

1. Insurance on the health of the assessee, spouse, dependent parents/children, members of HUF.
2. The amount should be paid by any mode other than cash w.e.f. 1-4-2008

100% of the premia paid or Rs. 15,000 (Rs. 20,000 for senior citizen) whichever is less. Additional deduction of Rs. 15,000/- on health insurance premium paid for his/her parents. (Rs. 20,000 in case of senior citizen) **Note:** Effective from A.Y. 2009-10

80DD Individual/HUF (Resident)

- Expenses incurred for Medical Treatment (including Nursing), Training & Rehabilitation of a dependent with severe/ ordinary disability). 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.
- 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. 1,00,000 for severe disability.

80DD Individual/HUF (Resident)

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.

80DDB   Medical treatment of disease or ailments

- Individual/HUF (Resident) for himself or dependent
- 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.
- Least of amount paid or Rs. 40,000 (Rs. 60,000 for senior citizen)

80E Repayment of interest on loan taken for pursuing higher education.

- Repayment (out of taxable income) of interest on loan taken for pursuing higher education.
- This deduction for interest on loan taken for higher education is allowed for the individual and also relatives (spouse and children)
- 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.

80E Repayment of interest on loan taken for pursuing higher education.

- Higher education includes any course pursued after passing Senior Secondary Examination or recognised equivalent examination
- 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.
- The entire amount of interest is deductible without any limit.

80G Donations for charitable purposes

- Any Assessee [except u/s. 80G (2)(c) donation to Olympic ass. by Co. only allowed]
- Donations should not be in kind.
- 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.

80 G Cont……

- Amount of Donations, not exceeding 10% of GTI (As reduced by other deductions).
- In certain cases this limit does not apply.
- 1) 50% generally; and
- 2) 100% in cases of PM’s Relief Funds, Gujarat Earthquake Relief Funds, etc.

Deductions in respect of Rents Paid [Sec.80GG]

- Rent actually paid for any furnished or unfurnished residential accommodation occupied by the Individual, who is not in receipt of any House Rent Allowance (HRA).
- The deduction shall be allowed to the extent of least of the following –
  - Rs. 2,000 per month;
  - 25% of adjusted total income;
  - Rent paid *less* 10% of adjusted Total Income.

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.

80GGA 100% Donation allowed to 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.
- <u>Assessee should not have income under the head ‘Profits and Gains of Business or Profession’.</u>
- Donee should be approved u/s. 35 or 35CCA or 35AC.

80GGB

- contributed to political party by any Indian Company.
- Deduction 100% of the amount contributed.

80GGC (w.e.f. 22-9-2003)

- Any sum contributed to any political party by Any Assessee [Except local authority and artificial juridical person wholly or partly funded by the Government]
- Deduction 100% of the amount contributed.

80-IA **DEDUCTIONS IN RESPECT OF PROFITS & GAINS FROM CERTAIN INDUSTRIAL UNDERTAKINGS ENGAGED IN INFRASTRUCTURE DEVELOPMENT,ETC.**

Assessee carrying any of the following eligible businesses through an industrial undertaking or enterprise except any person who executes a work contract (including the contract awarded by central or state government) w.e.f 1st day of April, 2000:—

(A) Provision of infrastructure facility;

(B) Telecommunication services;

(C) Industrial parks or special economic zone;

(D) Power generation, transmission and distribution,

(E) Laying and operating a cross-country natural gas distribution network, including pipelines and storage facilities being integral part of network.(the given point w.e.f 1st day of April, 2010 shall be omitted)

80 IA Eligible Amount & Conditions

Profits and gains derived by an undertaking or enterprise from any of the above businesses.

1. The profits and gains of an eligible business shall be computed as stand alone.
2. must be audited by a chartered accountant and Audit Report in Form No. 10CCB should be furnished along with the return of income.
3. No deduction if the assessee fails to file the return of income for such assessment year on or before the due date specifie u/s. 139(1) (w.e.f. A.Y.2006-2007, section 80AC)
4. Where deduction of any amount of profits and gains of business is claimed and allowed under this section, then the deduction to the extent of such profit and gains shall not be allowed under any other provisions of this chapter.
5. The benefit of Section 80-IA shall not be available to an amalgamated or demerged entity after April 1, 2007.
6. If any goods or services held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business of the assessee are transferred to the eligible business, then in either case it should be ensured that the transaction occurs at the market value of such goods or services as on the date of transfer, otherwise Assessing Officer (AO) has the power to recompute the profits based on the market value of such goods or services.
7. If it appears to the AO, that business between the assessee (engaged in eligible business) and any other person is so arranged that the business transacted between them produces to the assessee more than ordinary profits, then the AO shall take the amount of profit as may be reasonably deemed to have been derived there from.

Developing, operating and maintaining any infrastructure facility. after 1st April, 1995.

1. The enterprise should be owned by a company registered in India or by a consortium of such companies or (w.e.f. Asst. year 2006-2007, by an authority or a board or a corporation or any other body established or constituted under any Central or State Act).
2. The enterprise should have entered in to agreement with Central Government or a State Government or a local authority or any other statutory body for (a) developing, (b) operating and maintaining or (c) developing, operating and maintaining a new infrastructure facility.
3. "Infrastructure facility" means a road, toll road, bridge, rail system, highway project including housing or other activities being an integral part of the highway project, water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system, port, airport, inland waterway or inland port. or navigational channel in the sea.
4. Where housing or other activities form an integral part of the highway project and the profits of which are computed on such basis and manner as prescribed (Rule 18BBE & Form No. 10CCC) then, such profit shall not be liable to tax, if the profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding the housing and other activities before the expiry of 3 years following the year in which such amount was transferred to the reserve account; and the amount remaining unutilised shall be chargeable to tax as income of the year in which such transfer to reserve account took place.

QUANTUM OF Ded. infra

(a) <u>100% for any 10 consecutive assessment years out of 20 years</u> (at the option of the assessee) [beginning from the year in which the enterprise develops and begins to operate any infrastructure facility], in case of project of a road, toll road, bridge, rail system, highway project including housing or other activities being an integral part of the highway project, water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system and

(b) <u>100% for any 10 consecutive assessment years out of 15 years in other cases of port, airport, inland waterway or inland port, etc.</u>

Telecommunication services

- 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.
- Not available to an amalgamated or demerged entity after 1-4-2007.

Industrial parks or special economic zone

- undertakings that
  a. develops;
  b. develops and operates; or
  c. maintains and operates a notified industrial park.
- **Date of Commencement** 1.4.1997 to 31.3.2011.
- 100% for 10 consecutive A.Ys. out of 15 years.
- 80-IA benefit will not be available to a person who executes a works contract. w.e.f. 1-4-2000.

Power undertakings

- undertakings engaged in
  a. generation; or
  b. generation and distribution of power
- **Date of Commencement** 1.4.1993 to 31.3.2011
- 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 31.3.2011

Power undertakings cont….

- 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 31.3.2011

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 31-3-2007

Note : 1) All the assessees claiming benefit under 80-IA is required (including companies and co-operative societies) to furnish separate Audit Report in Form No. 10CCB u/s 80-IA w.e.f. A.Y. 2003-04

(2) The assessee needs to comply with the conditions stipulated in sub-sections (3), (4) and (7) of section 80-1A.
3) Explanation below sub-section (13) is substituted retrospectively with effect from 1-4-2000 to clarify that the section shall not apply to business in the nature of works contract awarded by any person including the Central & State Governments executed by the undertaking or enterprises.

80 IAB Undertaking engaged in development of Special Economic Zones (SEZ)

SEZ notified on or after 1-4-2005 under the SEZ Act, 2005

100% profits For 10 Consecutive A.Ys. out of 15 years

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 Zone” shall have meanings assigned to them in clauses (g) and (za) of section 2 of SEZ Act, 2005.

80-IB INDUSTRIAL UNDERTAKINGS OTHER THAN INFRASTRUCTURE DEVELOPMENT UNDERTAKINGS

Assessee carrying any of the eligible businesses through following industrial undertaking or enterprise:—

1. Industrial Undertaking located in notified backward district, state or region or other places or Small scale industrial undertaking, engaged in manufacturing/producing any articles/things or operating its cold storage plant;
2. Operation of ship;
3. Hotels;
4. Multiplex Theatres;
5. Convention Centers;
6. Scientific Research & Development;
7. Production or refining of mineral oil;
8. Developing and building housing projects;
9. Operating cold chain facility for agricultural produce;
10. Processing, preserving and packaging of fruits and vegetables or integrated business of handling, storage and transportation of food grains;
11. Operating and maintaining hospital in any area other than excluded area.

80-IB General Conditions

1. The profits and gains of an eligible business shall be computed as if such eligible business were the only source of income of the assessee.
2. The Undertaking should not be formed by splitting up, or re-construction, of a business already in existence (except for undertaking referred u/s. 33B).
3. The Undertaking should not be formed by the transfer to a new business, machinery or plant previously used for any purpose (exceptions provided in Explanations 1 & 2 below sub-clause (iii) to sub-section (2) of Section 80-IB).
4. The undertaking should not manufacture or produce any article or things specified in eleventh schedule.
5. The industrial undertaking should employ 10 or more workers in manufacturing process carried on with power and 20 or more workers in manufacturing process carried on without the aid of power.
6. The accounts must be audited by a chartered accountant and Audit Report in prescribed form (Form No. 10CCBA for multiplexes, 10CCBB for convention centres, 10CCBC for hospitals and 10CCB for others) should be furnished along with the return of income.
7. No deduction if the assessee fails to file the return of income for such assessment year on or before the due date specifies u/s. 139(1) (w.e.f. from A.Y. 2006-07 as per Section 80AC).
8. Where deduction of any amount of profits and gains of business is claimed and allowed under this section, then the deduction to the extent of such profit and gains shall not be allowed under any other provisions of this chapter.

80-IB Industrial undertaking located at industrially backward district of Category "A"

- The undertaking should not manufacture or produce any article or thing specified in the list in the Eleventh Schedule.
- **Period of Commencement** Between 1st October, 1994 and 31st March, 2004.
- **Extent of Deduction** 100% for first 5 A.Ys. and 25% (30% for company) for next 5 A.Ys. (7 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

80-IB Industrial undertaking located at industrially backward district of Category “B”

- The undertaking should not manufacture or produce any article or thing specified in the list in the Eleventh Schedule.
- **Period of Commencement** Between 1st October, 1994 and 31st March, 2004.
- **Extent of Deduction** 100% for first 3 A.Ys. and 25% (30% for company) for next 5 A.Ys. (9 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

80-IB Industrial undertaking located in the State of Jammu and Kashmir

- The undertaking should not manufacture or produce any article or thing specified in the Part C of the Thirteenth Schedule (w.e.f. A.Y. 2005-06).
- **Period of Commencement** Between 1st April, 1993 and 31st March, 2012.
- **Extent of Deduction** 100% for first 5 A.Ys. and 25% (30% for company) for next 5 A.Ys. (7 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

80-IB Business of building, owning and operating a Multiplex theatre.

1. In addition to general conditions mentioned hereinbefore, the business of multiplex theatre should not be formed by transfer of a building previously used for any purpose.
2. Multiplex Theatre located at a place within the municipal jurisdiction of Kolkata, Chennai, Delhi or Mumbai is not covered by this section.
3. “Multiplex Theatre” means a building of prescribed area, comprising of 2 or more cinema theatres and commercial shops of such size and number and having such other facilities and amenities as may be prescribed (See Rule 18DB).

Period of Commencement Between 1st April, 2002 and 31st March, 2005.

Extent of Deduction 50% for first 5 A.Ys. beginning with the assessment year relevant to the previous year in which a cinema hall, being a part of the said multiplex theatre, starts functioning.

80-IB scientific research and development

1. The company should have the main object of scientific and industrial research and development.
2. The company should be approved by prescribed authority at any time between 1st April, 2000 and 31st March, 2007.
3. The company fulfils such other conditions as may be prescribed (See Rule 18DA).

Extent of Deduction 100% for first 10 A.Ys. beginning with the assessment year relevant to the previous year in which the company is approved by the prescribed authority.

80-IB Undertaking engaged in developing and building housing projects

1. The Housing project should be approved before 31st March, 2008 by a local authority.
2. The undertaking should have commenced or commences the development and construction of the housing project on or after 1st day of October, 1998.
3. For housing projects approved before 1st April, 2004, construction should be completed on or before 31st March, 2008 and for Housing projects approved after 1st April, 2004 four years from the end of the financial year in which the housing project is approved by local authority.
4. Where approval from local authority is obtained more than once, the housing project shall be deemed to have been approved on the date the first approval was obtained.
5. The date of completion of construction of the housing project shall be the date on which the completion certificate is issued by the local authority.
6. Housing project should be on plot of land of a minimum area of 1 acre.

80-IB Undertaking engaged in developing and building housing projects

7. The relevant conditions mentioned from 2 to 6 above, shall not apply to a housing project carried out in accordance with a scheme framed by Central or State Government for reconstruction or redevelopment of existing buildings in areas declared to slum areas under any law for the time being in force and such scheme is notified by the Board in this behalf.
8. The residential unit has (a) a maximum built-up area of 1,000 sq. ft. in case of the cities of Delhi and Mumbai or within 25 Kms from the municipal limits of these cities and (b) 1,500 sq. ft. for other places.
9. Built-up area of the shops and other commercial establishments included in a housing project does not exceed 5% of aggregate built-up area of the housing project or 2,000 sq. ft., whichever is less.
10. “Built-up area” means the inner measurements of the residential unit at the floor level, including the projections and balconies, as increased by the thickness of the walls but does not include the common areas shared with other residential units.
11. Not more than residential unit in the hosing project is allotted to any person not being an individual. (inserted w.e.f. 1st day of April, 2010)

80-IB Undertaking engaged in developing and building housing projects

12. In case where a residential unit in the housing project is allotted to a person being an individual, no other residential unit in such housing project is allotted to any of the following persons, namely:—

(i) the spouse or minor children of such individual,

(ii) the Hindu Undivided Family in which such individual is the Karta,

(iii) any person representing such individual, the spouse or the minor children of such individual or the Hindu Undivided Family in which such individual is the Karta. (inserted W.e.f. 1st day of April, 2010)

Extent of Deduction 100% of the profits derived in the previous year relevant to any assessment year from such housing projects.

operating and maintaining a hospital in a rural area.

1. The hospital should be constructed on or after 1st October, 2004, but before 1st April, 2008.
2. The hospital has at least 100 beds for patients.
3. The construction is in accordance with the regulations of the local authority.
4. The hospital shall be deemed to have been constructed on the date on which completion certificate is issued by the local authority.

Extent of Deduction 100% for first 5 A.Ys beginning with the initial A.Y. relevant to the previous year in which such undertaking begins to provide medical services.

Hospitals located in any place outside the urban agglomerations [80-IB(11C)]

- Constructed & started between 01.04.2008 and 31.03.2013
- 100% Effective from A.Y. 2009-10, 5 year tax holiday
- new Hospitals constructed and has started/starts functioning between 01-04-2008 and 31-03-2013, especially in tier-2 and tier-3 cities.

80-IC UNDERTAKINGS OR ENTERPRISES SITUATED IN CERTAIN SPECIAL CATEGORY STATES.

1.The undertaking or enterprise should not be formed by splitting up, or re-construction, of a business already in existence (except for undertaking referred u/s. 33B).

2.The undertaking or enterprise should not be formed by the transfer to a new business, machinery or plant previously used for any purpose (exceptions provided in Explanations 1 & 2 to sub-section (3) of Section 80-IA shall apply). Imported & 20%

3 The profits and gains of an eligible business shall be computed as if such eligible business were the only source of income of the assessee.

4.The undertaking should not manufacture or produce article or things specified in eleventh schedule.

5.The accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed must be audited by a chartered accountant and Audit Report in Form No. 10CCB should be furnished along with the return of income.

6.No deduction shall be allowed under this section if the assessee fails to file the return of income for such assessment year on or before the due date specifieed u/s. 139(1) (w.e.f. from AY 2006-07 as per Section 80AC).

80-IC UNDERTAKINGS OR ENTERPRISES SITUATED IN CERTAIN SPECIAL CATEGORY STATES.

7. Where deduction is claimed and allowed under this section, then the deduction to the extent of such profit and gains shall not be allowed under any other provisions of this chapter and the deduction shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.

8. If any undertaking of an Indian company is transferred, before the expiry of the period specified in this section, to another Indian company, in a scheme of amalgamation or demerger, then no deduction shall be admissible under this section to the amalgamating or demerged company for the previous year in which the amalgamation takes place and the provisions of this section shall, as far as may be, apply to the amalgamated or resulting company as they would have applied to the amalgamating or demerged company if the amalgamation or demerger had not taken place.

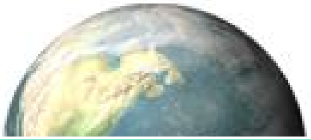
9. If any goods or services held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business of the assessee are transferred to the eligible business, then in either case it should be ensured that the transaction occurs at the market value of such goods or services as on the date of transfer, otherwise Assessing Officer (AO) has the power to recompute the profits based on the market value of such goods or services.

80-IC UNDERTAKINGS OR ENTERPRISES SITUATED IN CERTAIN SPECIAL CATEGORY STATES.

10. If it appears to the AO, that business between the assessee (engaged in eligible business) and any other person is so arranged that the business transacted between them produces to the assessee more than ordinary profits, then the AO shall take the amount of profit as may be reasonably deemed to have been derived there from.
11. No deduction shall be allowed under any other section contained in Chapter VIA or in Section 10A or 10B in relation to the profits and gains of the undertaking or enterprise.
12. No deduction shall be allowed to any undertaking or enterprise under this section, where the total period of deduction inclusive of the period of deduction under this section, or under 2nd proviso to Section 80-IB(4) or u/s. 10C as the case may be, exceeds 10 assessment years.
13. "Substantial expansion" means increase in the investment in the plant and machinery by at least 50% of the book value of plant and machinery (before taking depreciation in any year), as on first day of the previous year in which substantial expansion is undertaken.

Eligible undertaking/enterprises	Date of Commencement	Conditions/Incidents	Amount of Deduction and Period
a) State of Sikkim	23.12.2002 - 01.04.2007	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 5A.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 - 01.04.2007	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 5A.Ys.
c) North-Eastern States	24.12.1997 - 01.04.2007	100%	First 10 A.Ys.
Note : i) The Assessee must fulfill 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			

New hotels & convention centre



80 ID New Eligible undertaking/enterprises	Date of Commencement Conditions/Incidents	Amount of Deduction and Period
Deduction under sub-section (1) shall be available only if (i) not formed by splitting up or reconstruction of business already in existence (ii) not formed by transfer of new business of building previously used as hotel or convention centre (iii) transfer of new business of machinery or plant previously used for any purpose (iv) report of audit in such form and containing such particulars as may be prescribed (2) no deduction shall be allowed u/s. 10AA & Chapter VIA	Started functioning between 1-4-2007 and 31-3-2010 in the National Capital Territory of Delhi and Districts of Faridabad, Gurgaon Gautambudh Nagar and Ghaziabad	100% For First 5 years

New hotels & convention centre

80 ID New Eligible undertaking/enterprises	Date of Commencement Conditions/Incidents	Amount of Deduction and Period
Deduction is extended to new two star, three star or four star hotels located in specified districts having UNESCO-declared 'World Heritage Sites',	Constructed and has started/starts functioning between 01.04.2008 and 31.03.2013	100% Five year tax holiday

Section 80P Eligible undertaking/enterprises Cooperative Society*	Amount of Deduction and Period
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%
3 (a) Consumer Co-operative Society (b) Others	Maximum Rs. 1,00,000 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 80JJA Eligible Any Assessee

Qualifying Income	DEDUCTIONS	
	Qualifying Amt.	**Quantum**
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.

Section 80JJAA Eligible Assessee Indian Company

Qualifying Payments	Conditions/Incidents	DEDUCTIONS	
		Qualifying Amt.	Quantum
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. 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	**Such additional wages**	**30% of additional wages for first 3 A.Ys. including the year in which such employment is provided**

Section 80QQB(w.e.f. A.Y. 2004-05) Eligible Assessee Resident Individual

Qualifying Payments/Income	Conditions/Incidents	DEDUCTIONS	
		Qualifying Amt.	**Quantum**
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. 3 In respect of income earned from source outside India, Certificate in Form No. 10H 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**

Section 80RRB Eligible Assessee Resident Individual Patentee

Qualifying Income	Conditions/Incidents	DEDUCTIONS	
		Qualifying Amt.	**Quantum**
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 and conditions of a license settled by controller under the Act.	**Income by way of Royalty**	**Whole of such income or Rs. 3 lakhs whichever is less**

Deduction in respect of person with Disability [Section 80U]

- *Eligible Assessee:* Individual resident in India, who, at any time during the previous year, is certified by the medical authority to be a person with disability
- *Deduction:* Rs. 50,000 (Rs. 75,000 for severe disability). Severe disability means 80% or more of disability. (w.e.f. A.Y. 2010-11, Rs. 1,00,000)

Thank you

CA Krishan Vrind Jain

09417009490

Email jainkv@gmail.com