SECTION 80GG
DEDUCTIONS IN RESPECT OF RENTS PAID

Section 80GG is a little ignored Section of the Income Tax Act, 1961. This section provides deductions to those individuals who don't get any benefit of the amount paid towards rented accommodation by any other means of provisions of this Act. If the assessee is residing in a rented accommodation he can, subject to fulfillment of certain criteria, get deduction under this Section.

Conditions:

1. The assessee is individual.

2. He is either self-employed or is in receipt of salary income but doesnot receive any benefit from his employer for rent as mentioned u/s 10(13A) i.e. house rent allowance.

3. He or any of the persons mentioned below should not own any accommodation at the place where he is employed or carries on his business or profession.
   a. Spouse
   b. Minor Child (includes step minor child as well as adopted minor child)
   c. HUF of whose the assessee is a member.

4. If the assessee owns a residential accommodation at a place other than a place mentioned above, then he shall not claim any concession of the same as "self-occupied house property" under section 23(2)(a) or 23(4)(a)

5. The assessee shall file a declaration in Form 10BA in respect of expenditure incurred by him for rented accommodation.

Amount of Deduction:

The amount of deduction shall be lower of the following:

1. Rs. 2,000.00 per month,
2. Amount of rent paid in excess of 10% of total income, or
3. An amount equal to 25% of total income of the assessee.

Total income for this Section means "Total income of the assessee before claiming any deductions under this Section."

Conclusion:

This Section is ignored by large number of assessees or even tax-consultants. An eligible assessee can get good benefit of this Section if he follows certain requirements and compliances.

Note:

This article has been written in a single gender. However, it applies to both male and female assessees.

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