Deductions under Chapter VI-A

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Contents

Basic Rules (Sec. 80A)

1. Sec. 80A(1): Deduction is allowable u/s 80C to 80U
2. Sec. 80A(2): Deduction cannot exceed GTI
3. Sec. 80A(3): In case an item is provided for deduction in calculating total income of an AOP/BOI the same cannot be allowed for deduction for a member thereof.
4. Same item cannot be allowed for deduction under 2 sections (i.e. twice)

Section 80C

Deduction in respect of certain investments

AVAILABILITY

1. Individual
2. HUF

Eligible Investments

1. Premium paid to LICI or other insurer for own, spouse, children or dependent parents(lower of actual and 20% of sum assured)
2. Premium paid to a deferred annuity plan
3. Own contribution to RPF & PPF
4. Contribution to approved superannuation fund
5. Contribution to security of Central Govt.

6. National Savings Certificate (NSC VIII Issue)

7. Unit linked insurance plan of LICI mutual fund, referred to section 10(23D)

8. Contribution to approved annuity plan of LICI

e.g. Jeevan dhara, New Jeevan Dhara, Jeevan Akshay, New Jeevan Akshay etc.

9. Tution fees of children for school or college, maximum for 2 children.

10. Cost of purchase or construction of new residential house and stamp duty, registration and other expenses for the transfer of such property.

Section 80CCC

Deduction in respect of certain pension funds.

Availability:

1. Individual & HUF
2. Deduction under this section is only available when this is not assessed under section 80C

Eligible Funds:

1. Annuity plans of LICI or any other insurer for receiving pension from fund referred to clause (23AAB) of section 10.
2. Interest earned or bonus accrued or credited shall not be reckoned as contribution

Section 80CCD

Deduction in respect of contribution tto pension scheme of CENTRAL GOVT.

Availability:

1. Individual and HUF
2. Deduction under section 80CCD is only available when this item is not assessed under section 80C

Maximum limit:

For Central Govt. employees: 10% of salary

Salary = Basic Salary + DA

For self employed persons:

10% of GTI

Eligible Funds:

1. Own contribution to Central Govt. Pension Funds.
2. Employer’s contribution 1st added to GTI and then allowed for deduction

MAXIMUM LIMIT
FOR 80C, 80CCC AND 80CCD
u/s 80CCE

Amount of total deduction u/s 80C, 80CCC and 80CCD cannot exceed ₹ 1,00,000

i.e.

80C+80CCC+80CCD $\leq$ ₹ 1,00,000

Section 80CCF

Deduction for investment in long term infrastructure bonds

Availability:

Individual & HUF

Maximum Limit:

₹ 20,000

Eligible Funds:

Long term infrastructure bonds of IFCI, LICI,

HDFC Ltd. And non-banking companies classified as infrastructure finance company by RBI

Section 80D

Deduction in respect of payment of medical insurance premium on own, spouse, children and dependent parents

Availability:

Individual & HUF

Maximum limit:

1. Senior Citizen = ₹ 20,000

Others = ₹ 15,000

2. Further Deduction in respect of Parents:

Normal Limit = ₹ 15,000

Any of the parents is Senior Citizen = ₹ 20,000

Total Deduction u/s 80D = Item 1 + Item 2

Criteria:

1. Mediclaim Premium paid
2. For Govt. employees and employees of an autonomous body, in case of contribution to Central Govt. Health Scheme (CGHS), overall limit is ₹ 15,000 or ₹ 20,000 (For Senior Citizen)
3. Deduction is only available when premium is paid by cheque.

Section 80DD

Deduction in respect of rehabilitation or medical treatment of handicapped dependent relative

Availability : Individual & HUF

Criteria :

- Expenditure incurred on medical treatment, (including nursing), training and rehabilitation of handicapped dependent relative.
- Payment or deposit to specified scheme for maintenance of dependant handicapped relative.

Amount of deduction :

₹ 50,000 and in case of severe disability ₹ 1,00,000

Dependent :

1. Spouse, children, parents, brothers and sisters in case of individual.
2. A family member in case of HUF.

Section 80DDB

Deduction in respect of medical treatment of own and dependent for specified diseases.

Availability : individual and HUF

Criteria :

1. Amount spent for treatment of specified diseases.
2. Amount spent for treatment of own, spouse, children, parents, brothers and sisters in case of individual and a family member in case of HUF.

Amount of deduction :

1. Lower of actual amount and ₹ 40,000

2. If the amount is spent for treatment of senior citizen the maximum limit of deduction will be ₹ 60,000

Section 80E

Deduction in respect of interest on loan taken for higher education.

Availability : Individual

Criteria :

1. Loan taken for higher education of own, spouse or children or for a student for whom the assessee is legal guardian.
2. Higher education means any course of study pursued after higher secondary (Class XII)

Limit of Deduction :

NO LIMIT

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Section 80G

Deduction in respect of donation to certain funds, charitable institutions etc.

Availability : Individual, HUF, a firm, a company etc.

Eligible funds and institutions :

Deduction 50% of qualifying amount	Deduction 100% of qualifying amount
1. Fund in the name of Nehru and Gandhi. 2. Prime minister's Drought Relief Fund. 3. The National Children's Fund 4. Any Institution, Govt., Local Authority for any charitable purpose other than family planning. 5. A notified Temple.	1. Other funds in the name of ministers (e.g. Prime minister's National Relief Fund) 2. Approved university or educational institution of national eminence. 3. The Govt. or any approved local authority or institution for promotion of family planning

Maximum Limit :

Qualifying amount must not exceed 10% of adjusted Gross Total Income.

Adjusted GTI = GTI – Deductions u/s 80c to 80E

Section 80GG

Deduction in respect of rent paid

Availability : An Individual

Criteria :

- Assessee or his spouse or minor child should not own residential accommodation at the place of employment.
- He should not be in receipt of house rent allowance.
- He should not have self occupied residential premises in any other place.

Amount of deduction :

Lower of the following amounts :

1. Actual rent paid less 10% of total income before allowing the deduction.
2. 25% of total income (after allowing deduction u/s 80C to 80G)
3. ₹ 2,000 per month

Total Income for deduction u/s 80GG :

Gross Total income		***
Less – Profits from long term Capital Gains	***	
Less – Incomes referred to in Sections 115A to 115D	***	
Less – Deduction u/s 80C to 80G	***	***
		***

Section 80GGA

Deduction in respect of donation for Scientific Research and rural development.

Availability : ALL

Eligible Donations :

Donation to a college/ university/ institution which has an objective or which is used for scientific research or rural development(Sec. 35CCA)

Maximum Limit:

NO LIMIT

Section 80GGB

Deduction in respect of donation to a political party by a company.

Availability : A Company

Amount of Deduction : Full amount (No Limit)

Section 80GGC

Deduction in respect of donation to a political party by a person.

Availability : Individual, HUF and Firm.

Amount of Deduction : Full Amount (No Limit)

Section 80U

Deduction in respect of an assessee having physical disability.

Amount of deduction :

₹ 50,000 and ₹ 1,00,000 for severe disability.