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Section 57 Deductions allowable

The income chargeable under the head "Income from other sources" shall be computed **after making the following deductions:**

- In the case of dividends (other than dividends referred to in section 115-O) or interest on securities, any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realizing such dividend or interest on behalf of the assessee.
- Where the income consists of recovery from employees as contribution to any provident fund etc. in terms of clause (x) of section 2(24), then, a deduction will be allowed in accordance with the provisions of section 36(1)(va) i.e. to the extent the contribution is remitted before the due date under the respective Acts.
- Where the income to be charged under this head is from letting or hire of machinery, plant and furniture, with or without building, the following items of deductions are allowable in the computation of such income:
    - ✓ the amount paid on account of any current repairs to the machinery, plant or furniture.
    - ✓ the amount of any premium paid in respect of insurance against risk of damage or destruction of the machinery or plant or furniture.
    - ✓ the normal depreciation allowance in respect of the machinery, plant or furniture, due thereon.
- In the case of income in the nature of family pension, a deduction of a sum equal to 33.33 per cent of such income or 15,000, whichever is less, is allowable.
    - For the purposes of this deduction "family pension" means a regular monthly amount payable by the employer to a person belonging to the family of an employee in the event of his death.
- Any other expenditure not being in the nature of capital expenditure laid out or expended wholly and exclusively for the purpose of making or earning such income.

- 50% of income by way of compensation/enhanced compensation received chargeable to tax under section 56(2)(viii).
    - No deduction would be allowable under any other clause of section 57 in respect of such income.

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Section 58 Deductions not allowable

No deduction shall be made in computing the "Income from other sources" of an assessee in respect of the following items of expenses:

- In the case of any assessee:
  - ✓ any personal expense of the assessee;
  - ✓ any interest chargeable to tax under the Act which is payable outside India on which tax has not been paid or deducted at source.
  - ✓ any payment taxable in India as salaries, if it is payable outside India unless tax has been paid thereon or deducted at source.

- In addition to these disallowances, section 58(2) specifically provides that the disallowance of payments to relatives and associate concerns and disallowance of payment or aggregate of payments exceeding 20,000 made to a person during a day otherwise than by account payee cheque or draft covered by section 40A will be applicable to the computation of income under the head 'Income from other sources' as well.

- Income-tax and wealth-tax paid.

- No deduction in respect of any expenditure or allowance in connection with income by way of earnings from lotteries, cross word puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever shall be allowed in computing the said income.

- The prohibition will not, however, apply in respect of the income of an assessee, being the owner of race horses, from the activity of owning and maintaining such horses.