BIPIN KOTHARI & ASSOCIATES
Chartered Accountants
Shop no 15, Opp. HP Petrol Pump, Amar Mahal,
Chembur, Mumbai - 400089
Cell: 9870948284
E-mail: cabipinkothari@gmail.com

Q. Who is eligible for deduction u/s 80E?
A. Loan should be taken by individual for pursuing higher education of self, spouse or his /her Children's. Hence parents are also eligible to claim deduction of interest paid by them on loan taken for their children's education. This deduction is not available to HUF.

Q. What is eligible amount?
A. Only interest paid on an educational loan is allowed as deduction u/s. 80E of The Income Tax Act, 1961, out of his/her income chargeable to tax i.e. Deduction will be allowed only when actual interest is paid.

Q. How much amount is deductible?
A. There is no limit for amount of repayment of interest. Unlimited amount of interest can be deducted under this section. However there is no benefit available on the repayment of principal amount of the loan. The assesse can claim the amount of interest in the initial assessment year & carry forward up to 7 assessment years.
Deduction is allowed for a continuous period of eight years, starting with initial assessment year in which the assessee starts paying the interest on the loan or until the interest is paid in full whichever is earlier.

Q. Can loan be taken for any education?
A. The loan should be taken for the purpose of higher education.

Q. Can higher studies be pursued outside India?
A. There is no condition that the course should be in India**.**

Q. Can loan be taken from relatives?
A. The loan should be taken from any financial institution or any approved charitable institution. Interest on Loan taken from relatives or friends will not be eligible for deduction under section 80E.