

Deduction u/s. 80C for tuition / school / education fees

Deduction u/s. 80C for tuition / school fees paid for education of children
Who is Eligible: Deduction for tuition fees u/s. 80c of the Income Tax Act1961 is available to Individual Assessee and is not available to HUF.

Maximum Child: Deduction under this section is available for tuition fees paid on two children’s education. If Assessee have more then two children then he can claim tuition fees paid of only two children’s. The Deduction is available for any two children.

Here we would like to mention that husband and wife both have a separate limit of two children each, so they can claim deduction for 2 children each.

Fees paid for spouse: Deduction is not available for tuition fees paid for studies of spouse.

Maximum Limit: Deduction for tuition Fees is available up to Rs.100000. Please Note that aggregate amount of deduction

Deduction available on payment basis: - Deduction under this section is available on payment basis. Fees may be related to any period.

For example feed paid for April 2009 if Paid in March 2009 will be eligible for deduction u/s. 80C in A.Y. 2009-10.

Deduction not available for part time course:- The deduction is available for Full Time courses only. In our opinion no deduction is available for part time or distance learning courses.

Fees for Private tuition/Coaching Classes not eligible for deduction u/s. 80C :- The fees should be paid to university, college, school or other educational institution.

No deduction available for fees paid for private tuition’s , coaching courses for admission in professional courses or any other type of courses

Location of University,college,school or other educational institution:University,college,school or other educational institution must be situated in India though it can be affiliated to any foreign institutes.

Allowability of pre-nursery, play school and nursery class fees: - Pre-nursery, play school and nursery class fees is also covered under section 80C (circular 9/2008 & 8/2007).

Not allowable Expenses:-

1. **Development fees** or donation not eligible.
2. **Transport charges, hostel charges, Mess charges, library fees, scooter/cycle/car stand charges** incurred for education are not allowed.
3. **Late fees** is not eligible for deduction.
4. Term Fees is not eligible for deduction.
5. No deduction for part time or distance learning courses.
6. no rebate for private tuition.
7. Building fund or any donation etc not allowed.

Note: Above list is not exhaustive.

Summary of Above Provisions

- 1) Deduction from taxable income under Section 80C is available to individual taxpayers up to a maximum amount of Rs1 lakh for education expenses incurred for one’s children.
- 2) Each parent can claim the deduction for the tuition fees paid for up to two children each, thereby covering a maximum of four children in a family.
- 3) This deduction is available to the parent who has made the payment, to the extent of thetuition fee actually paid or Rs1 lakh, whichever is lower.
- 4) The deduction can be claimed only for full-time courses including pre-nursery and playschool. Part-time, distance learning courses, private tuitions and coaching classes are not covered.
- 5) This deduction can be availed of on the basis of actual payment made, irrespective of the period to which the fee may pertain.
- 6) Only the tuition fee paid is eligible for deduction. Other expenses, such as transport charges, library charges, hostel charges, development fees or donation, are not covered.

FREQUENTLY ASKED QUESTIONS ON DEDUCTION FOR TUITION FEES U/S. 80C

Q. Can an unmarried person can claim deduction u/s 80C of Income tax Act, 1961 for school fee paid for 2 children?

Answer: Yes he can. As clause (c) of subsection 4 of Section 80C only speaks of children’s ofIndividual. Section 80C is silent on legality of child and it does not say that child should be legal child.

Q. Can I claim deduction u/s 80C of Income tax Act, 1961 for my adopted child’s school fees?

Answer: Yes you can. As section 80C again silent and do not specify that child should be biological child for the purpose of claiming deduction under clause (xvii) of section 80C.

Q. I have divorced to my wife and have custody of my son with me and paying his school fees. Will I be eligible for deduction u/s 80C of Income tax Act, 1961 for school fee paid on his education?

Answer: Yes you will. As section 80C do not specify that marriage should continue to claim the deduction under clause (xvii) of section 80C.

Q. Can I claim deduction under section 80C for tuition fees paid to an Indian institution for my wife’s education?

Answer: No you can’t claim. Deduction u/s. 80C is available only for tuition fees paid for two children’s education.

Q. I and my wife both paid for education of our one child. My wife paid 70,000 and I paid 1,10,000/- can we both claim deduction?

Answer: Yes both of you can claim deduction u/s 80C up to a maximum of Rs. 1,00,000 each. You can claim deduction up to 100000/- and your wife can claim deduction of Rs. 70,000/-.

Q. I am currently working and studying. If I pay my tuition fees out my own earnings and do not take an educational loan, will I get any tax benefits?

Answer: The tuition fees paid by you will not make you eligible for any tax benefits. You will not be able to claim any income tax deduction.

Q. I am a working women and I am paying the education fees for my husband education. Can I claim the deduction for this?

Answer: Payment of tuition fee up to Rs 1 lakh can be claimed as deduction u/s 80C of the I T Act.

But the payment of tuition fee for full time course must be for for any two children of individual.

It follows therefore one can not claim deduction for payment of tuition fee for his/her spouse.

Question:- Section 80C allows deduction in respect of tuition fee but excludes payments towards development fees, donations or payments of similar nature.

Does this mean that the items not specifically excluded, such as fees for games, magazines, stationery, Parents’ Teacher Association fees, Staff Benefit Fund, Gratuity Fund, and hostel will not qualify for the deduction?

Answer:- None of these will qualify for deduction under Section 80C of the Income-Tax Act, 1961.

The deduction available under this Section is for sums paid as tuition fees (excluding any payment towards any development fees or donation or payment of a similar nature)

whether at the time of admission or thereafter to any university, college, school or other educational institutions within India for the purpose of full-time education of any two children of an individual.

The principle requirement for qualifying for deduction under this provision would be that the fee paid should be in the nature of tuition fee.

All of the items enumerated by you are essentially not in the nature oftuition fee, and so cannot qualify for deduction.

You may note that the development fee or donation or payments of a similar nature even if they are in the nature of tuition fees will not qualify for the deduction under this Section.

Question:- Can Mother claim the benefit of tuition fees paid for his son/daughter.

Answer: Assessee means both mother and father both can take the benefit u/s 80 C for amount paid by them respectively.

Question:- If a couple have four children, can they both claim fees for two children each?

Answer: Yes ,husband and wife both have a separate limit of two children each ,so they can claim deduction for 2 children each.

Question:- If a Couple has one child and paid a fees of 200000 rs can they both claim tuition fess 100000 each ?

Answer: yes ,they both can claim deduction for 100000 each subject to they have actually paid same amount .If husband has paid 1.50lac and wife has paid 50000 then husband can claim 100000 and wife can claim 50000.

Question:- Ram has paid tuition fees for his child 2000/- in February 2011 relates to period march to June 2011 ,how much amount he can claim deduction in assessment year 2012-03?

Answer: He can claim full 2000 Rs in assessment year 2012-13 , as this deduction is available on the basis of payment and it may or may not be related to the period in which it has been paid.

Question:- Is Late fees paid with tuition fees is eligible for deduction ?

Answer: No,late fees is not eligible for deduction.

EXTRACT OF SECTION 80C

Clause xvii of section 80C

xvii) as tuition fees (excluding any payment towards any development fees or donation or payment of similar nature), whether at the time of admission or thereafter,

(a) to any university, college, school or other educational institution situated within India;

(b) for the purpose of full-time education of any of the persons specified in sub-section (4);

Subsection 4 of Section 80C

“(4) The persons referred to in sub-section (2) shall be the following, namely:

(a)

(b)

(c) for the purposes of clause (xvii) of that sub-section, in the case of an individual, any two children of such individual.