DEDUCTIONS [SEC 80C TO 80U]

Deductions from Gross Total Income are not allowed from the following incomes:

1. Long Term Capital Gain
2. Short Term Capital Gain u/s 111
3. Winning from lotteries, horse races etc.

Deduction U/s 80c:

Deduction u/s 80C is allowed only to individual or HUF, up to a maximum limit of Rs. 1, 50,000 and the deduction is allowed only when the amount has actually been paid by the assessee.

Following amounts paid or deposited are allowed as deduction u/s 80C:

1. Life insurance premium for policy:
   - Any sum paid by an individual as *Life insurance premium* on life of himself, spouse and children.
   - In case of HUF, on life of any member of the HUF.

2. Sum paid under a contract for a deferred annuity:
   - in case of individual, on life of the individual, individual's spouse and any child of the individual (however, contract should not contain an option to receive cash payment in lieu of annuity)
   - In case of HUF, on life of any member of the HUF.

3. Sum deducted from salary payable to Government servant for securing deferred annuity or making provision for his wife/children.
   - Qualifying amount limited to 20% of salary.

4. Contributions by an individual made under Employees' Provident Fund Scheme.

5. Contribution to Public Provident Fund Account in the name of:
   - In case of individual, such individual or his spouse or any child of such individual.
   - In case of HUF, in the name of any member there of

6. Contribution by an employee to a recognized provident fund

7. Contribution by an employee to an approved superannuation fund

8. Subscription to any notified security or notified deposit scheme of the Central Government.
   - For this purpose, Sukanya Samriddhi Account Scheme has been notified vide Notification No. 9/2015, dated 21/1/2015. Any sum deposited during the year in Sukanya Samriddhi Account by an individual would be eligible for deduction. Amount can be deposited by an individual in the name of her girl child or any girl child for whom such an individual is the legal guardian.
   - The interest accruing on deposits in such account will be exempt from income tax.
   - The withdrawal from the said scheme in accordance with the rules of the said scheme will be exempt from tax.

9. Subscription to notified savings certificates [National Savings Certificates (VIII Issue)]

10. Contribution for participation in unit-linked Insurance Plan of UTI:
    - In case of an individual, in the name of the individual, his spouse or any child of such individual
    - In case of a HUF, in the name of any member there of

11. Contribution to notified unit-linked insurance plan of LIC Mutual Fund:
    - In the case of an individual, in the name of the individual, his spouse or any child of such individual
    - In the case of a HUF, in the name of any member there of

12. Subscription to notified deposit scheme or notified pension fund set up by National Housing Bank [Home Loan Account Scheme/National Housing Banks (Tax Saving) Term Deposit Scheme, 2008]

13. Tuition fees (excluding development fees, donations, etc.) paid by an individual to any university, college school or other educational institution situated in India, for full time education of any 2 of his/her children

14. Certain payments for purchase/construction of residential house property.

15. Subscription to notified schemes of (a) public sector companies engaged in providing long-term finance for purchase/construction of houses in India for residential purposes/(b) authority constituted under any law for satisfying need for housing accommodation or for planning, development or improvement of cities, towns and villages, or for both

16. Sum paid towards notified annuity plan of LIC or other insurer.

17. Subscription to any units of any notified [u/s 10(23D)] Mutual Fund or the UTI (Equity Linked Saving Scheme 2005)

18. Contribution by an individual to any pension fund set up by any mutual fund which is referred to in section 10(23D) or by the UTI (UTI Retirement Benefit Pension Fund)

19. Subscription to equity shares or debentures forming part of any approved eligible issue of capital made by a public company or public financial institutions.

20. Subscription to any units of any approved mutual fund referred to in section 10(23D), provided amount of subscription to such units is subscribed only in 'eligible issue of capital' referred to above. 21. Term deposits for a fixed period of not less than 5 years with a scheduled bank, and which is in accordance with a scheme framed and notified.

21. Subscription to notified bonds issued by the NABARD.

22. Deposit in an account under the Senior Citizen Savings Scheme Rules, 2004 (subject to certain conditions)

23. 5-year term deposit in an account under the Post Office Time Deposit Rules, 1981 (subject to certain conditions)

Deduction U/s 80CCC:

Contribution to certain specified Pension Funds:

- Contribution made by *Individual* to certain specified Pension Funds of LIC/and other insurer company for receiving *annuity or Pension* it is allowed up to a maximum limit of *Rs. 1,50,000.*

Note: (Subject to overall limit of Rs. 1, 50,000 under Section 80C, 80CCC and 80CCD (1))

Deduction U/s 80CCD (1):

Deduction in respect of assessees contributions to pension scheme of Central Government

- Deduction is allowed for contribution made by *individual (whether salaried or self-employed)* towards notified pension scheme, maximum up to a *limit of 10% of Salary* in case of employee or Gross total Income in case of other
- Employee is *also* allowed deduction of the amount which is *contributed by the employer* but up to a *maximum limit of 10% of employee salary*. (Salary includes Basic Pay and Dearness Allowance, if it forms part of retirement benefit).

Note: (Subject to overall limit of Rs.1, 50,000 under Section 80C, 80CCC and 80CCD (1))
Note: Amount received from such pension fund is taxable at the time of receipt.

Section 80CCD (1B)

Contribution to certain pension scheme notified by Central Government (NPS)

- Contribution made by *Individual* to certain pension scheme notified by Central Government (NPS) it is allowed up to Rs. 50,000. This deduction shall be in addition to deduction of Rs. 1,50,000 under Section 80C, 80CCC and 80CCD(1).

Section 80CCD (2)

Contribution by *employer* to certain pension scheme notified by Central Government (NPS)

- Contribution made by *employer* to certain pension scheme notified by Central Government (NPS) it is allowed up to 10% of salary to the individual.

Section 80CCG

Amount invested in listed share

- Amount invested by specified resident individuals in listed shares or listed units in accordance with notified scheme for a lock-in period of 3 years (Subject to certain conditions). Deduction is allowed 50% of total investment subject to maximum of Rs. 25000 for 3 consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed shares or list units of equity oriented funds are first acquired.

Note: Specified Resident Individual- A resident individual whose gross total income for the relevant assessment year is not more than Rs. 12 lacs.

Section 80D

Amount Invested in Health Insurance.

- Amount paid (in any mode other than cash) by *individual or HUF* to LIC or other insurer to insurance on the health of specified person*. An individual can also make payment to the Central Government health scheme and/or on account of preventive health check-up.

* Specified person means:
- In case of Individual - self, spouse, dependent children or parents
- In case of HUF - Any member thereof

Quantum of deduction:

- Deduction for preventive health check-up shall not exceed in aggregate Rs. 5,000.
- Payment on account of preventive health check-up may be made in cash.
- In case of Individual, amount paid:
- a) For self, spouse and dependent children: Up to Rs. 25,000 (Rs. 30,000 if specified person is a senior citizen or very senior citizen)
- b) For parents: additional deduction of Rs. 25,000 shall be allowed (Rs. 30,000 if parent is a senior citizen or very super senior citizen)
- In case of HUF, up to Rs. 25,000 (Rs. 30,000 if specified person is a senior citizen or very senior citizen).

Note: The aggregate amount of deduction cannot exceed Rs. 60,000/- in case of an individual and Rs. 30,000/- in case of HUF

* Senior citizen' means an individual resident in India who is of the age of *sixty years* or more at any time during the relevant previous year.

* Very senior citizen' means an individual resident in India who is of the age of *eighty years* or more at any time during the relevant previous year.

Section 80DD

Expenditure Incurred for the medical treatment of a dependent who is a person with disability.

- Any expenditure incurred by *individual or HUF* for the medical treatment (including nursing), training and rehabilitation of a *dependent, being a person with disability. Deduction is allowed amount paid or deposited under an approved scheme framed in this behalf by the LIC or any other insurer the Administrator or the specified company for the maintenance of a dependent, being a person with disability.

Quantum of deduction:

- Deduction of Rs. 75,000, irrespective of the actual amount spent or deposited. In case of severe disability deduction allowed shall be Rs. 1, 25,000, irrespective of the amount spent or deposited.

Dependent" means –

1. In the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them
2. In the case of a HUF, any member thereof, dependent wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction under section 80U in computing his total income for the assessment year relating to the previous year.

Section 80DDB

Expenditure incurred for medical treatment of specified diseases.

- Deduction is allowed to a resident individual/HUF for payment towards Medical treatment of specified disease of self or dependent relative or member of HUF.
- Deduction is allowed for the amount actually spent or Rs. 40,000 (Rs. 60,000_in case of senior citizen Rs. 80,000 in case of very senior citizen)), whichever is less.

Deduction shall be reduced by the amount received from the insurer or employer. Further, prescription for medical treatment may be obtained from any specialist doctor not necessarily from a doctor working in Government hospital only.

Section 80E

Interest Paid on Educational Loan.

- Deduction is allowed to an individual for payment of interest on loan taken for pursuing higher education of himself or relative.
- Loan must have been taken from financial institutions or approved charitable institution. There is no maximum limit prescribed under this section and also deduction can be claimed for maximum period of 8 years starting from the year in which payment of interest on the loan begins.
- Higher education means any course of study pursued after passing Senior Secondary Examination
- Relative means spouse, children or the student for whom; he/she is the legal guardian.

Section 80EE

Interest on loan for acquiring residential house property, sanctioned during FY 2016-17

- Interest payable by Individual on loan taken up to Rs. 35 lakhs by taxpayer from any financial institution, sanctioned during the FY 2016-17, for the purpose of acquisition of a residential house property whose value doesn't exceed Rs. 50 lakhs. Deduction is allowed up to Rs. 50,000 towards interest on loan.

Note: On the date of sanction of loan, taxpayer should not own any other residential house property
The deduction is available from AY 2017-18 and subsequent assessment years.

Section 80G

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

- Deduction is allowed to all assessee for payments made to specified funds/ institutions.
- Donation shall be sum of money; Donation in kind is not deductible. Further proof of payment shall be furnished with the return

Part A: Donations made to following are eligible for 100% deduction without any qualifying limit:

- National Defence Fund set up by the Central Government
- Prime Minister’s National Relief Fund
- Prime Minister’s Armenia Earthquake Relief Fund
- Africa (Public Contributions - India) Fund
- National Foundation for Communal Harmony
- A University or any educational institution of national eminence as may be approved by the prescribed authority
- Chief Minister’s Earthquake Relief Fund, Maharashtra
- Any fund set up by the State Government of Gujarat exclusively for providing relief to the victims of earthquake in Gujarat.
- Zila Saksharta Samiti constituted in any district
- National Blood Transfusion Council
- Any fund set up by a State Government to provide medical relief to the poor
- Army Central Welfare Fund or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund
- Andhra Pradesh Chief Minister’s Cyclone Relief Fund

- National Illness Assistance Fund
- Chief Minister’s Relief Fund or the Lieutenant Governor’s Relief Fund
- National Sports Fund set up by the Central Government
- National Cultural Fund set up by the Central Government
- Fund for Technology Development and Application set up by the Central Government National
- Trust for Welfare of Persons with mental retardation and multiple disabilities.

Part B: Donations made to following are eligible for 50% deduction without any qualifying limit.

- Jawaharlal Nehru memorial fund
- Prime minister’s drought relief fund
- National children’s fund
- Indira Gandhi memorial trust
- Rajiv Gandhi foundation
- Donation to govt./local authority for charitable purpose (excluding family planning)
- Authority/ corporation having income exempt under erstwhile section or u/s 10(26BB)
- Donation for repair/renovation of notified place of worship
- World vision India
- Udavum Karangal

Part C: Donations made to following are eligible for 100% deduction Subject to qualifying limit.

- Donation to Government or any approved local authority, institution or association to be utilized for promoting family planning
- Donation made by a company to Indian Olympic Association or to any other notified institution, for development of infrastructure for sports in India.

Part D: Donations made to following are eligible for 50% deduction Subject to qualifying limit.

- Donation to Government or any approved local authority, institution or association to be utilized for any other charitable purpose other than promoting family planning
- Donation to any approved charitable institution which satisfies the condition of Section 80G.
- Donation to any authority for satisfying the need for housing accommodation or any corporation for promoting interest of minority community.
- Donation to any notified temple, mosque, gurudwara, church or other place notified by the Central Government to be of historical, archaeological or artistic importance for renovation or repair of such place.
    - ➢ Donations under Part C and Part D above shall not exceed the qualifying limit
    - ➢ Qualifying limit means 10% of adjusted Gross Total Income

Adjusted Gross Total Income means:

Gross Total Income
Less: Long Term Capital Gains
Less: Short Term Capital Gains u/s 111A
Less: Deductions u/s 80C to 80U (Except 80G)

ection 80GG

Rent paid of residential accommodation.

- Deduction is allowed to an individual in respect of rent paid for his residential accommodation subject to fulfillment of following conditions.
  1. He is a self-employed person or if he is an employee, he is neither getting HRA nor rent free accommodation.
  2. Assessee, spouse, minor child or HUF does not own any residential accommodation in the city where he lives or where he works.

The deduction in respect of rent paid is allowed to the extent of least of the followings:

- Rent paid over 10% of Adjusted Gross Total Income
- 25% of the Adjusted Gross Total Income
- Rs. 2000 per month

Adjusted Gross Total Income means:

- Gross Total Income
- Less: Long Term Capital Gains
- Less: Short Term Capital Gains u/s 111A
- Less: Deductions u/s 80C to 80U (Except 80GG)

Section 80QQB

Deduction in respect of Royalty income etc. of Books

- Deduction is allowed to resident individual for royalty income from assignment of copyright of books, maximum upto Rs. 3, 00,000.
  1. Books should be a work of literary, artistic or scientific nature. Books shall not include text books, diaries, commentaries, journals etc
  2. Royalty in excess of 15% of the value of the books sold during the previous year shall be ignored. However, this condition is not applicable where the royalty is received in lumpsum.

If royalty is received from outside India, then to claim deduction, it must be brought in to India within 6 months from the end of the previous year in which such income is earned.

Section 80RRB

Deduction in respect of Royalty income on patents

- Deduction is allowed to resident individual, who is a patentee, for royalty income of patents but maximum up to Rs. 3, 00,000.

If royalty is received from outside India, then to claim deduction, it must be brought in to India within 6 months from the end of the previous year in which such income is earned.

Section 80TTA

Deduction in respect of Interest on saving bank accounts

- Deduction is allowed to individual or HUF in respect of interest earned on deposits in saving account with a banking company, a post office, co-operative society engaged in banking business, etc. (Subject to certain conditions) It is allowed to 100% of amount of such income subject to maximum of Rs. 10,000.

Section 80U

Person with disability

- A resident individual who, at any time during the previous year, is certified by the medical authority to be a person with disability [as defined under Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995]

Exemption: Rs. 75,000 (Rs. 1, 25,000 in case of severe disability)

Available to: Resident Individual

All Details are updated

For any Error Please Report: cmaprakashkumar@gmail.com