DEDUCTIONS UNDER CHAPTER VI-A

Deduction U/s 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID, 80-IE allowed, if return (ROI) filed in time

DATE

Section 80IA Available to

- Assessee engaged in Infrastructure facility developing, operation and Maintaining
  - → A Road including toll road, a bridge or rail system
  - → A Highway Project including housing & other activities
  - → Water supply project water treatment system, irrigation project, sanitation and sewerage system or solid waste mangement system
  - → port, airport, inland waterway or navigational channel in the sea.
- Assessee providing telecommunication services (whether basic or cellular) on/before 31st March 2005.
- Assessee develops, operates or maintains Special Economic Zone (SEZ)
- Assessee sets up in India, the business of generation or generation / distribution of power

Not applicable or Contractors to whom work given by Central or state Govt.

* Deduction U/s 80IA shall be 100% of profits for 10 consecutive A.Ys.

In case of telecommunication services, Deduction shall be :- First 5 years - 100%
Next 5 years - 30%

* No Deduction in case of amalgamation or demerger.

* Deduction can be claimed
- → Any Assessee → 10 consecutive years out of first 15 years
- → Assessee engaged in infrastructure facility → 10 consecutive years out of first 20 years.

* Widening of an existing Road by constructing additional lanes as a part of Highway project → " ✓ " Infrastructure facility

Simply relaying of an existing Road → " ✗ "

Section 80IB INDUSTRIAL UNDERTAKINGS OTHER THAN INFRASTRUCTURE DEVELOPMENT UNDERTAKIN[GS]

Industrial Undertaking located in Industrially backward State or District

For Initial 5 A.Y. - 100%

For Next 5 A.Y. - 25%

(30% - Company)

CONDITIONS

* Not formed by splitting up or reconstruction of business except under Section 33AB
* Not formed by transfer of previously used Plant & Machinery, However building & Furniture & Fixtures may be old.

Exception 1. Imported old P&M
2. 20% of total P&M can be old

* It begins to manufacture/produce articles/things upto 31-3-2004 (31-3-12 in case of J&K)
* Employs :- 10 or more workers - With power
20 or more workers - Without power

Undertaking engaged in commercial prod^n or refining of Mineral Oil

100% - Initial 7 A.Y. from the commencement of production or refining

Undertaking engaged in commercial prod^n of Natural gas in blocks licensed under New exploration Licensing Policy (NELP-VIII)

100% - 7 Consecutive A.Y.

{All blocks licensed under a single contract shall be treated as single undertaking}

Business	Sunset Date
① Refining of Mineral oil	Refining to start by 31/3/2012
② Prod^n of Mineral oil	No deduction for blocks after 31/3/11
③ Prod^n of Natural gas	No Sunset

Undertaking engaged in operating and maintaining a hospital in India

100% - 5 Consecutive A.Y.

CONDITIONS

* Atleast 100 beds
* Construction as per bye laws of local Authority

Undertaking developing and building Housing projects approved by local authority

100% in any Previous year

CONDITIONS

① Commences development and construction and completes within 5 years from F.Y. end in which project is approved.

② Size of plot of land ≥ 1 Acre

③ Residential unit has :-
Maximum Built Area → 1000 sq. feet → Delhi/Mumbai/25 Km
→ 1500 sq. feet → other cities

④ Residential unit to Non Individual ≤ 1 (one)

⑤ No Residential unit to their direct relatives

⑥ Built up area of shops does not exceed 3% of the aggregate built up area of housing project or 5000 sq. ft., whichever is higher

* POINT TO REMEMBER ① Approval under 80G & Section 10(23C) is one time approval unless withdrawn

② As per section 80LA, Schedule bank branch profits located in SEZ is eligible for 100% deduction for 5 years.

③ Deduction to author of books is ₹ 3,00,000 under Section 80QQB

④ Deduction U/s 80P is not available to Cooperative bank.

DATE

Section 80-IC UNDERTAKINGS IN CERTAIN SPECIAL CATEGORY STATES < Himachal Pardesh, Uttaranchal

Applicability

* Undertaking, which manufactures or produces any article or thing and undertakes "substantial expansion" on or before 31.3.2012

* Undertaking, which has begun or begins to manufacture / produce any article / thing on or before 31.3.2012

DEDUCTION

First 5 years — 100%

Next 5 years — 25% (30% for company)

"Substantial Expansion" {Increase in Investment in the plant and Machinery} ≥ 50% of opening Gross block of Plant & Machinery

Section 80-ID Assessee engaged in the business of 2 star / 3 star / 4 star hotel located in the specified district having a World heritage Site. → 100% Deduction - 5 Consecutive A.Y. from starting

Section 80-IE UNDERTAKINGS IN NORTH-EASTERN STATES

100% Deduction for 10 Consecutive Assessment Years

① Assessee begins to manufacture / produce any eligible article or thing

② Undertakes substantial expansion to manufacture / produce any eligible article or thing

③ Carry on any eligible business

Eligible Article is an article other than
(a) Tobacco / Tobacco Substitutes
(b) Pan Masala
(c) Plastic Carry bags

Substantial Expansion {Increase in Plant & Machinery} ≥ 25% of opening Gross block of Plant & Machinery

Eligible business
↳ Hotel (Not below 2 star)
↳ Adventure & leisure sports
↳ Running an old-age home
↳ Nursing home with atleast 25 beds
↳ Vocational Training Institute
↳ Biotechnology
↳ Running IT related training centre
↳ Manufacturing of IT hardware

Section 80CCG INVESTMENT MADE UNDER RAJIV GANDHI EQUITY SAVING SCHEME

* Resident Individual * Investment in listed shares as per Scheme

* Deduction can be claimed ~~only in One A.Y.~~ 3 consecutive A.Y's.

CONDITIONS

(i) Gross total Income ≤ 12 lakhs
(ii) Assessee is new retail Investor
(iii) Investment in listed eq. shares specified in RGESS. & listed units of Equity Oriented Fund.
(iv) Lock in period = 3 years
(v) Assessee — Resident Ind.

Deduction = 50% of Investment or ₹ 25,000 whichever is ~~higher~~ lower

Section 80TTA	S/B Intt. up ₹10,000 - exempt for Individuals/HUF No deduction on F.D. and for firm/AOP/BOI.
Section 10AA	NEWLY ESTABLISHED UNITS IN SPECIAL ECONOMIC ZONES (SEZ)

* First 5 years – 100% of Exports profits
* Next 5 years – 50% of Export profits
* Next 5 years – [Amt. debited to P&L A/c / Credited to SEZ Reinvestment allowance reserve A/c] subject to a maximum of 50% of export profits

EXPORT PROFITS

$$\text{Profits of the business of undertaking to which section 10AA applies} \times \frac{\text{Export turnover of Undertaking}}{\text{Total turnover}}$$

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