

**EKATVAM ACADEMY**  
**SOLUTION FOR PAPER 11 : DEDUCTIONS**  
**CA/CMA INTER**

**SOLUTION 1**

**Computation of eligible deduction under Chapter VI-A of  
Ms. Roma for A.Y. 2024-25**

Particulars	₹	₹
<b>Deduction under section 80C</b>		
Life insurance premium paid ₹ 35,000 (allowed in full since the same is within the limit of 20% of the sum assured, the policy being taken before 1.4.2012)	35,000	
Public Provident Fund	1,50,000	
Repayment of housing loan to Bhartiya Mahila Bank, Bangalore	20,000	
	2,05,000	
<b>Restricted to a maximum of ₹ 1,50,000</b>	<b>1,50,000</b>	
<b>Deduction u/s 80CCC for payment towards LIC pension fund</b>	1,40,000	
	2,90,000	
As per section 80CCE, aggregate deduction under, inter alia, section 80C and 80CCC, is restricted to		1,50,000
<b>Deduction under section 80D</b>		
Payment of medical insurance premium of ₹ 30,000 towards medical policy taken for self, wife and dependent children restricted to	25,000	
Medical insurance premium paid ₹ 52,000 for parents, being senior citizens, restricted to	50,000	75,000
<b>Eligible deduction under Chapter VI-A</b>		<b>2,25,000</b>

**SOLUTION 2**

**Computation of total income and tax liability of Mr. Chaturvedi for the  
A.Y. 2024-25 under default tax regime**

Particulars	₹
Gross total income incl. long term capital gain	8,18,240
<b>Less: Deductions under Chapter VI-A</b>	-
No deduction would be available under default tax regime u/s 115BAC	
<b>Total income</b>	<b>8,18,240</b>
<b>Tax on total income</b>	
LTCG 2,45,000 x 20%	49,000
Balance total income 5,73,240	13,662
	62,662
<b>Add: Health and Education cess @4%</b>	2,506
<b>Total tax liability</b>	<b>65,168</b>
<b>Total tax liability (Rounded off)</b>	<b>65,170</b>

**Computation of total income and tax liability of Mr. Chaturvedi for the A.Y. 2024-25**

**under the optional tax regime (i.e., the normal provisions of the Act)**

Particulars	₹	₹
Gross total income including long term capital gain		8,18,240
<b>Less:</b> Long term capital gain		2,45,000
<b>Less:</b> Deductions under Chapter VI-A		5,73,240
Under section 80C in respect of PPF deposit	1,20,000	
Under section 80D (it is assumed that premium of ₹51,000 is paid by otherwise than by cash. The deduction would be restricted to ₹ 50,000, since Mr. Chaturvedi is a senior citizen)	50,000	
Under section 80G (See Notes 1 & 2 below)	17,662	2,37,662
Under section 80TTB (See Note 3 below)	50,000	
<b>Total income (excluding long term capital gains)</b>		<b>3,35,578</b>
<b>Total income (including long term capital gains)</b>		<b>5,80,578</b>
<b>Total income (rounded off)</b>		<b>5,80,580</b>
<b>Tax on total income (including long-term capital gains of ₹ 2,45,000)</b>		
LTCG ₹ 2,45,000 x 20%		49,000
Balance total income ₹ 3,35,580 (See Note 4 below)		1,779
		50,779
<b>Add:</b> Health and Education cess @4%		2,031
<b>Total tax liability</b>		<b>52,810</b>

Since the tax liability is lower under the optional tax regime (i.e., normal provisions of the Act) as compared to the default tax regime, Mr. Chaturvedi should exercise the option of shifting out of the default tax regime provided under section 115BAC(1A).

**Notes :**

**1. Computation of deduction u/s 80G :**

Particulars	₹
Gross total income (excluding long term capital gains)	5,73,240
<b>Less:</b> Deduction under section 80C, 80D & 80TTB	2,20,000
	<b>3,53,240</b>
10% of the above	35,324
Contribution made	50,000
Lower of the two eligible for deduction u/s 80G	35,324
<b>Deduction under section 80G – 50% of ₹ 35,324</b>	<b>17,662</b>

- Deduction under section 80G is allowed only if amount is paid by any mode other than cash, in case of amount exceeding ₹ 2,000. Therefore, the contribution made to public charitable trust is eligible for deduction since it is made by way of an account payee cheque.
- Deduction of up to ₹ 50,000 under section 80TTB is allowed to a senior citizen if gross total income includes interest income on bank deposits, both fixed deposits and savings account.
- Mr. Chaturvedi, being a senior citizen is eligible for a higher basic exemption of ₹ 3,00,000.

**SOLUTION 3**

**Computation of Total Income of Mr. Shiva for A.Y. 2024-25**

Particulars	₹	₹
<b>Gross Total Income</b>		7,75,000
<b>Less: Deduction under section 80C</b>		
Deposit in PPF	1,00,000	
Life insurance premium paid for insurance of major daughter (Maximum 10% of the assured value ₹ 1,80,000, as the policy is taken after 31.3.2012)	18,000	
	1,18,000	
Deduction under section 80CCC in respect of LIC pension fund	60,000	
	1,78,000	
As per section 80CCE, deduction under section 80C & 80CCC is restricted to		1,50,000
<b>Deduction under section 80D</b>		
Medical Insurance premium in respect of self and spouse	26,000	
Restricted to		25,000
<b>Deduction under section 80G (See Working Note below)</b>		87,500
<b>Total income</b>		<b>5,12,500</b>

**Working Note: Computation of deduction under section 80G**

	Particulars of donation	Amount donated (₹)	% of deduction	Deduction u/s 80G (₹)
(i)	National Children's Fund	25,000	100%	25,000
(ii)	Jawaharlal Nehru Memorial Fund	25,000	50%	12,500
(iii)	Approved institution for promotion of family planning	40,000	100%, subject to qualifying limit	40,000
(iv)	Public Charitable Trust	50,000	50% subject to Qualifying limit (See Note below)	10,000
				<b>87,500</b>

**Note :** Adjusted total income = Gross Total Income – Amount of deductions under section 80C to 80U except section 80G i.e., ₹ 6,00,000, in this case ₹60,000, being 10% of adjusted total income is the qualifying limit, in this case. Firstly, donation of ₹ 40,000 to approved institution for family planning qualifying for 100% deduction subject to qualifying limit, has to be adjusted against this amount. Thereafter, donation to public charitable trust qualifying for 50% deduction, subject to qualifying limit is adjusted. Hence, the contribution of ₹ 50,000 to public charitable trust is restricted to 20,000 (being, ₹ 60,000 - ₹ 40,000), 50% of which would be the deduction u/s 80G. Therefore, the deduction u/s 80G in respect of donation to public charitable trust would be ₹ 10,000, which is 50% of ₹ 20,000.

**SOLUTION 4**

(i) The deduction of ₹ 75,000 under section 80DD is allowable to Rajan, irrespective of the

amount of expenditure incurred or paid by him. If the expenditure is incurred in respect of a dependant with severe disability, the deduction allowable is ₹1,25,000.

- (ii) The assessee Varun has deposited ₹ 25,000 for maintenance of dependent disabled. He is, however, eligible to claim ₹ 75,000 since the deduction of ₹ 75,000 is allowed, irrespective of the amount deposited with LIC. In the case of dependant with severe disability, the deduction allowable is ₹ 1,25,000.
- (iii) Section 80DD allows a deduction of ₹ 75,000 irrespective of the actual amount spent on maintenance of a dependent disabled and/or actual amount deposited with LIC. Therefore, the deduction will be ₹ 75,000 even though the total amount incurred/deposited is only ₹ 45,000. If the dependant is a person with severe disability the quantum of deduction is ₹ 1,25,000.