

KEY CONCEPTS

■ Deduction ■ Rebate ■ Relief

Learning Objectives

To understand:

- Various deductions allowable from Gross Total Income
- The conditions attached to claim deduction under respective sections
- The maximum Limit / Amount than can be claimed as deductions under respective section
- Provision related to Rebate & Relief

Lesson Outline

- Introduction
- Impact of Section 115BAC/115BAD/115BAE on deductions
- Deductions [Sections 80C to 80U]
- Rebate and Relief
- Lesson Round-Up
- Test Yourself
- Lists of Further Readings
- Other References

The aggregate of income computed under each head after giving effect to the provisions of clubbing of income and Set-off of losses, is known as “gross Total Income”. Section 80C to 80U of the Income tax Act, 1961 lays down the provision relating to the deductions allowable to assesseees from their gross Total Income.

INTRODUCTION

The Income-tax Act provides various tax exemptions and deductions. The incomes which are exempt from tax, i.e., which are not included in total income are provided in Sections 10 to 13A of the Income tax Act, 1961. Chapter VI-A contains deductions from gross total income under section 80C to 80U in respect of certain payments, investments, incomes and other deductions. Deduction helps in reducing the taxable income. It decreases the overall tax liabilities and helps to save tax. However, depending on the type of tax deduction claim, the amount of deduction varies.

The deductions are available only to the assessee where the gross total income is positive. If however, the gross total income is nil or negative, the question of any deduction from the gross total income does not arise. For this purpose, the expression 'gross total income' means the total income of the assessee computed in accordance with the provisions of the Income-Tax Act, before making any deduction under Chapter VI-A, i.e., the aggregate income computed under each head, after giving effect to the provisions for clubbing of income and set off of losses, is known as "gross Total Income". Sections 80C to 80U of the Income-tax Act lay down the provisions relating to the deductions allowable to assessee from their gross Total Income. The income arising after deduction under section 80C to 80U is called Total Income.

IMPACT OF SECTION 115BAC/115BAD/115BAE ON DEDUCTIONS

Individual or Hindu undivided family or association of persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person opting for concessional tax regime under section 115BAC: The deduction under chapter VI-A other than provisions of section 80CCD, or section 80CCH or section 80JJAA not available to Individual or Hindu undivided family or association of persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person opting for concessional tax regime under section 115BAC of the Income tax Act, 1961.

Resident Co-operative Societies opting for concessional tax regime under section 115BAD: The deduction under Chapter VI-A other than the provisions of section 80JJAA; not available to the Resident Co-operative Society opting to pay tax under concessional tax regime under section 115BAD of the Income-tax Act, 1961.

New Manufacturing Resident Co-operative Society opting for concessional tax regime under section 115BAE: The deduction under chapter VI-A other than provisions of section 80JJAA not available to Resident Co-operative Society opting for concessional tax regime under section 115BAE of the Income tax Act, 1961.

Summary of Deductions under Chapter VI-A

<i>Sections</i>	<i>Nature of deduction</i>	<i>Who can claim</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
80C	<ul style="list-style-type: none"> ● Life insurance premium ● Sum paid towards notified annuity plan of LIC or other insurer, a contract for a deferred annuity ● Contributions towards employees' provident fund Scheme, public provident fund Account, a recognised provident fund, an approved superannuation fund, notified unit-linked insurance plan of LIC Mutual fund, 	Individual/HUF (Not Available on opting for concessional tax regime u/s 115BAC)

<i>Sections</i>	<i>Nature of deduction</i>	<i>Who can claim</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
	<p>participation in unit-linked Insurance plan of UTI, any pension fund set up by any mutual fund which is referred to in section 10(23D) or by the UTI</p> <ul style="list-style-type: none"> ● Subscription to any notified security, notified deposit scheme of the Central government, notified savings certificates, notified pension fund set up by national housing Bank ● Tuition fees 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 ● Certain payments for purchase/construction of residential house property ● 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 ● Subscription to equity shares or debentures forming part of any approved eligible issue of capital made by a public company or public financial institutions, any units of any approved mutual fund referred to in section 10(23D), notified bonds issued by the NABARD. ● Term deposits for a fixed period of not less than 5 years with a scheduled bank or post office ● A contribution by Central Govt. employee to a specified account of the pension scheme referred to in section 80CCD for a fixed period of not less than three years; ● Deposit in an account under the Senior Citizen Savings Scheme Rules, 2004. 	
80CCC	Contributions to certain pension funds of LIC or any other insurer (up to Rs. 1,50,000).	Individual (Not Available on opting for concessional tax regime u/s 115BAC)

<i>Sections</i>	<i>Nature of deduction</i>	<i>Who can claim</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
80CCD	<ul style="list-style-type: none"> ● Contribution to pension scheme notified by Central government up to 10% of salary. ● Contribution made by employer shall also be allowed as deduction under section 80CCD(2) while computing total income of the employee. however, amount of deduction could not exceed 10% of salary of the employee (14% in case of Central Government Employer). <p><i>Note:</i> The maximum limit of Rs. 1,50,000 is the aggregate of the deduction that may be claimed under sections 80C, 80CCC and 80CCD. However, additional deduction of maximum Rs. 50,000 be allowed under section 80CCD(1b) over and above the limit of Rs. 1,50,000.</p>	Individual
80CCH	Deduction in respect of contribution to Agnipath Scheme	Individual
80D	<p>Amount paid (in any mode other than cash) by an individual or HUF to LIC or other insurer to effect or keep in force an insurance on the health of specified person.</p> <p>Payment towards health scheme and/or on account of preventive health check-up.</p>	Individual/HUF (Not Available on opting for concessional tax regime u/s 115BAC)
80DD	Deduction of Rs. 75,000 (Rs. 1,25,000 in case of severe disability) to a resident individual/HUF where (a) any expenditure has been incurred for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability, or (b) any amount is paid or deposited under an approved scheme framed in this behalf by the LIC or any other insurer or the Administrator or the specified company for the maintenance of a dependent, being a person with disability.	Resident Individual/HUF (Not Available on opting for concessional tax regime u/s 115BAC)
80DDB	Expenses actually paid for medical treatment of specified diseases and ailments subject to certain conditions.	Resident Individual/HUF (Not Available on opting for concessional tax regime u/s 115BAC)
80E	Interest on loan taken from financial institution/approved charitable institution for pursuing higher education.	Individual (Not Available on opting for concessional tax regime u/s 115BAC)

Sections	Nature of deduction	Who can claim
(1)	(2)	(3)
80EE	Interest payable on loan taken from any financial institution for the purpose of acquisition of a residential house property.	Individual (Not Available on opting for concessional tax regime u/s 115BAC)
80EEA	Tax incentives for affordable housing.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80EEB	Tax incentives for electric vehicles.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80G	Donations to certain approved funds, trusts, charitable institutions/ donations for renovation or repairs of notified temples, etc.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80GG	Rent paid in excess of 10% of total income for furnished/ unfurnished residential accommodation (subject to maximum of Rs. 5,000 p.m. or 25% of total income, whichever is less).	Individuals not receiving any house rent allowance (Not Available on opting for concessional tax regime u/s 115BAC)
80GGA	Certain donations for scientific, social or statistical research or rural development programme or for carrying out an eligible project or scheme or National Urban Poverty Eradication Fund.	All assesseees not having any income chargeable under the head 'profits and gains of business or profession' (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80GGB	Sum contributed to any political party/electoral trust.	Indian company
80GGC	Sum contributed to any political party/electoral trust.	All assesseees, other than local authority and artificial juridical person wholly or partly funded by Government (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)

<i>Sections</i>	<i>Nature of deduction</i>	<i>Who can claim</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
For certain incomes		
80-IA	Profits and gains from industrial undertakings engaged in infrastructure facility, telecommunication services, industrial park, development of Special economic Zone, power undertakings, etc.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80-IAB	Profits and gains derived by undertaking/enterprise from business of developing a Special economic Zone notified on or after 1-4-2005.	Assessee being Developer of SEZ (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80-IB	Profits and gains from industrial undertakings, cold storage plant, hotel, scientific research & development, mineral oil concern, housing projects, cold chain facility, multiplex theatres, convention centres, ships, etc.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80-IC	Profits and gains derived by an undertaking or an enterprise in special category States (Himachal Pradesh, Uttaranchal, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura).	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80IAC	Deduction in respect of eligible Start-Up.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80IBA	Deductions in respect of profits and gains from housing projects.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80IC	Special provisions in respect of certain undertakings or enterprises in certain special category States.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80-ID	Profits and gains from business of hotels and convention centers in specified areas.	All assesses (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)

Sections	Nature of deduction	Who can claim
(1)	(2)	(3)
80-IE	Deduction in respect of certain undertakings in North Eastern States.	All assessee (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80JJA	Entire income from business of collecting and processing or treating of bio-degradable waste for generating power, or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas, making pellets or briquettes for fuel or organic manure.	All assessee (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80JJAA	Additional wages paid to new regular workmen employed in the previous year for 3 assessment years.	Assessee having profits and gains derived from manufacture of goods in a factory
80LA	Certain incomes of Scheduled banks/banks incorporated outside India.	Scheduled banks/banks incorporated outside India having offshore Banking Units in a Special economic Zone/ Units of International financial Services Centre (Not Available on opting for concessional tax regime u/s 115BAC/115BAD/115BAE)
80M	Deduction in respect of certain inter-corporate dividends.	Domestic Company
80P	Specified incomes.	Co-operative societies (Not Available on opting for concessional tax regime u/s 115BAD/115BAE)
80PA	Specified incomes.	Producer Company
80QQB	Royalty income of author of certain specified category of books (up to Rs. 3,00,000).	Resident Individual - Author (Not Available on opting for concessional tax regime u/s 115BAC)
80RRB	Royalty on patents up to Rs. 3,00,000.	Resident individuals who is a patentee and is in receipt of income by way of royalty in respect of a patent registered on or after 1-4-2003 (Not Available on opting for concessional tax regime u/s 115BAC)

Sections	Nature of deduction	Who can claim
(1)	(2)	(3)
80TTA	Interest on deposits in savings bank accounts (up to Rs. 10,000 per year).	Individuals/HUFs (Not Available on opting for concessional tax regime u/s 115BAC)
80TTB	Interest on deposits in case of senior citizens upto Rs. 50,000.	Senior Citizen Individuals (Not Available on opting for concessional tax regime u/s 115BAC)
80U	Deduction of Rs. 75,000, in the case of a person with severe disability, allowable deduction is Rs. 1,25,000.	Resident individuals who, at any time during the previous year, is certified by the medical authority to be a person with disability (Not Available on opting for concessional tax regime u/s 115BAC)
Rebates		
87A	Rebate of Rs. 12,500 or the income tax whichever is less.	Resident individual whose total income does not exceed five lakh rupees (Not Available on opting for concessional tax regime u/s 115BAC)
	Rebate of Rs. 60,000 or the income tax which ever is less	Resident individual whose total income does not exceed Rs. 12,00,000 (Available on paying tax u/s 115BAC)

DEDUCTIONS

Deduction in respect of investments [Section 80C]

Section 80C provides deduction to (a) an individual; (b) a Hindu undivided family for investments made in specified assets subject to a maximum amount of Rs. 1,50,000.

The specified Investments include:

- a) Premium paid on life Insurance policy taken on the life of an individual assessee or spouse and any child of such individual, and any member of the Hindu Undivided family subject to a maximum of 10% of the actual sum assured, if insurance policy is taken on or after 1.04.2012. But if, insurance policy is taken on or before 31.03.2012, then maximum limit is 20% of actual sum assured. further, if insurance policy is taken on or after 01.04.2013 and the policy is on the life of a person with disability or severe disability mentioned in Section 80U or a person suffering from a disease or ailment mentioned in Section 80DDB, then 15% of actual sum assured.

“actual sum assured” in relation to a life insurance policy shall mean the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy, not taking into account –

1. the value of any premium agreed to be returned; or
 2. any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be or may be received under the policy by any person.
- b) Amounts paid to effect or to keep in force a contract for a non-cumulative deferred annuity not being an annuity plan referred to in clause (j) below on the life of: (i) in the case of an individual, the individual, spouse or any child of such individual; and
- However, such contract should not contain a provision for exercise of an option by the insured to receive cash payment in lieu of the payment of the annuity.
- c) Deduction from the salary payable by or on behalf of the government to any individual, in accordance with the conditions of his service, for securing to him a deferred annuity or making provision for his wife or children, to the extent of one-fifth of salary.
- d) Contribution made by an individual to a Recognised provident fund; an approved superannuation fund; public provident fund; a ten-year account or a fifteen-year account under the post office Savings Bank (Cumulative Time Deposits) Rules, 1959.
- e) Purchase of notified securities or deposit scheme of the Central government. Sukanya Samriddhi Account Scheme has been notified.
- f) Subscription to other notified savings certificates defined in Section 2(c) of the government Savings Certificates Act, 1959 [for this clause, national Savings Certificates (VIII & IX) issue has been notified] and interest accrued deemed to be reinvested also qualifies.
- g) Contributions made by an individual or HUF, for participation in the Unit-Linked Insurance plan, 1971, deemed to have been made under Section 19(8)(a) of the Unit Trust of India Act, 1963. [for this clause, Dhanaraksha-1989 plan of LIC Mutual fund has been notified].
- h) Contributions made in the name of an individual or HUF for participation in any notified Unit-Linked Insurance plan of the LIC Mutual fund.
- i) Any contribution to effect or keep in force any notified annuity plan of the LIC or any other insurer.
- j) Any subscription, to any units of any Mutual fund or the Unit Trust of India under any notified plan formulated by the Central government.
- k) Any contribution to any pension fund set up by any Mutual fund as notified by the Central government.
- l) Subscription to the notified deposit scheme of or contribution to any such pension fund set up by the national housing Bank established under Section 3 of the national housing Bank Act, 1987. [for this clause, home Loan Account Scheme of national housing Bank has been notified].
- m) Subscription paid towards scheme of :-
- 1) Public sector company engaged in providing long term finance for purchase or construction of houses in India (public deposit scheme of HUDCO).
 - 2) Housing board constituted in India for planning, development or improvement of cities or towns.
- n) Only tuition fees (excluding any payment towards any development fees or donation or payment of similar nature), whether at the time of admission or thereafter, - (for full time education of any 2 children) to any university, college, school or other educational institution situated within India.
- o) For purchase or construction of a residential house property, the income of which is chargeable to tax under the head "Income from house property", where such payments are made towards or by way of:
- i. Any installment or part payment of the amount due towards the cost of the house property allotted or construction and sale of house property on ownership basis; or

- ii. E-payment of any loan taken for the purpose of purchase or construction of residential house property subject to some conditions.
- p) Subscription to equity shares or debentures or units forming part of any eligible issue of capital, i.e., issue made by a company registered in India or a public financial institution or an approved mutual fund for the purpose of developing, maintaining and operating an infrastructure facility as defined in the explanation to Sub-section (4) of Section 80-IA or for generation, or for generation and distribution of power or for providing telecommunication services whether basic or cellular.
- q) Fixed deposits for a minimum period of 5 years in any Scheduled Banks.
- r) As subscription to such bonds issued by the national Bank for Agriculture and Rural Development, as the Central government may, by notification in the official gazette specify in this behalf.
- s) Amount deposited in an account under the Senior Citizens Savings Scheme Rules, 2004.
- t) As five year time deposit in an account under the post office Time Deposit Rules, 1981.
- u) A contribution by Central Govt. employee to a specified account of the pension scheme referred to in section 80CCD for a fixed period of not less than three years; and the scheme notified by Central government.
- v) Contribution made by a Central Govt. employee to his Tier-II NPS account for a fixed period not less than 3 years. (w.e.f. Assessment Year 20-21).

Deduction for Contribution to Pension Fund [Section 80CCC]

Section 80CCC provides deduction with respect to amount deposited by an individual out of his taxable income to any annuity plan of the Life Insurance Corporation of India or any insurer approved by the IRDAI for receiving pension subject to a maximum of Rs. 1,50,000. No deduction for this contribution will be available u/s 80C. The pension received by the assessee or his nominee is taxable in the year of receipt. If the assessee or his nominee surrenders the annuity before its maturity, then surrender value including bonus/ interest is taxable in the year of receipt.

Deduction in respect of Contribution to Pension Scheme of Central Government [Section 80CCD]

Section 80CCD provides deduction with respect to employers and employees contribution to pension scheme which is applicable to new employees of the Central government employed on or after 01.01.2004 or being an individual employed by any other employer. It is mandatory for such employee to contribute 10% of salary every month towards the pension scheme. 10% contribution is required to be made by the employer also. [14% in case where employer is Central Govt. or State Government.

As per section 80CCD (1), employees contribution towards the notified pension scheme is deductible, but upto maximum of 10% of the salary of employee. As per section 80CCD (1B), an additional deduction of maximum Rs. 50,000 can also be availed. As per section 80CCD(2) if the employer contributes towards the notified pension scheme, then deduction can be claimed but upto maximum of 10 % of the salary of employee (14% in case where employer is Central Govt. or State Government w.e.f. Assessment Year 20-21).

Provided that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, the provisions of sub-section (2) shall have effect as if for the words "ten per cent" referred to in clause (b), the words "fourteen per cent" had been substituted.

Salary here means basic salary plus dearness allowance (forming part) plus commission at a fixed percentage of turnovers achieved by the employee. Self-employed individuals can also contribute to NPS and in such a case, maximum limit of deduction is 20% of his gross total income. Any amount received from pension fund, shall be taxable as income of the recipient (assessee or his nominee) in the year in which such amount is received.

Limit on Deductions under sections 80C, 80CCC and 80CCD [Section 80CCE]

The aggregate amount of deductions under Sections 80C, 80CCC and 80CCD (1) shall not in any case, exceed Rs. 1,50,000. As per section 80CCD (1B), an additional deduction of maximum Rs. 50,000 can also be availed. This deduction is out of the focus of section 80CCE.

Deduction in respect of contribution to Agnipath Scheme [Section 80CCH]

Where an assessee, being an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after the 1st day of November, 2022, has in the previous year paid or deposited any amount in his account in the said Fund, he shall be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited.

Where the Central Government makes any contribution to the account of an assessee in the Agniveer Corpus Fund referred to in sub-section (1), the assessee shall be allowed a deduction in the computation of his total income of the whole of the amount so contributed.

Deduction in respect of Medical Insurance Premium [Section 80D]

Section 80D provides deduction to an individual or a Hindu undivided family towards medical insurance premium and preventive health check up or contribution to Central government health Scheme (CGHS) or any scheme notified by the Central government on the health of the assessee, his family, parents or members of the HUF.

Where the assessee is an individual, the deduction under this section shall be the aggregate of the following:

- (a) The whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family or “any contribution made to the Central government health Scheme” or such other scheme as may be notified by the Central government in this behalf or any payment made on account of preventive health check-up of the assessee or his family and the sum does not exceed in the aggregate Rs. 25,000; and
- (b) The whole of the amount paid to effect or to keep in force an insurance on the health of the parent or parents of the assessee or any payment made on account of preventive health check-up of the assessee or his family as does not exceed in the aggregate Rs. 25,000;
- (c) The whole of the amount paid on account of medical expenditure incurred on the health of the assessee or any member of his family as does not exceed in the aggregate Rs. 50,000;
- (d) The whole of the amount paid on account of medical expenditure incurred on the health of any parent of the assessee, as does not exceed in the aggregate Rs. 50,000;

Provided that amount referred in (c) and (d) is paid in respect of a senior citizen and no amount has been paid to effect or to keep in force an Insurance on the health of such person;

Provided further that aggregate of amount specified under (a) and (c) or aggregate of sum specified under (b) and (d) shall not exceed Rs. 50,000.

Explanation: family means the spouse and dependent children of the assessee.

Payment shall be made by any mode, including cash, in respect of any sum paid on account of preventive health check-up and by any mode other than cash in all cases other than preventive health check up.

Where the assessee is a Hindu undivided family, the deduction under this section, shall be aggregate of the following namely:

- (a) Whole of the amount paid to effect or to keep in force an insurance on the health of any member of that hindu undivided family as does not exceed in the aggregate Rs. 25,000;
- (b) Whole of the amount paid on account of medical expenditure incurred on the health of any senior citizen member of the hindu undivided family as does not exceed in the aggregate Rs. 50,000 and no amount has been paid to effect or to keep in force and insurance on the health of such a person;

Provided that the aggregate of the sum specified under the clause (a) and clause (b) shall not exceed Rs. 50,000

Explanation:

1. 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.
2. Where the amount of health insurance premium in above cases has been paid in lump sum for more than one previous year then deduction shall be allowed for each relevant previous year. Amount of deduction for each previous year shall be calculated by dividing lump sum premium amount by number of relevant previous years.

Illustration 1:

Section 80D provides deduction to an individual in respect of premium paid towards medical insurance of his family. For the purpose of Section 80 D family means:

- a) The spouse
- b) The spouse and dependent children of the assessee.
- c) The spouse and any children of the assessee.
- d) The spouse, children and parents of the assessee.

Solution: (b) The spouse and dependent children of the assessee.

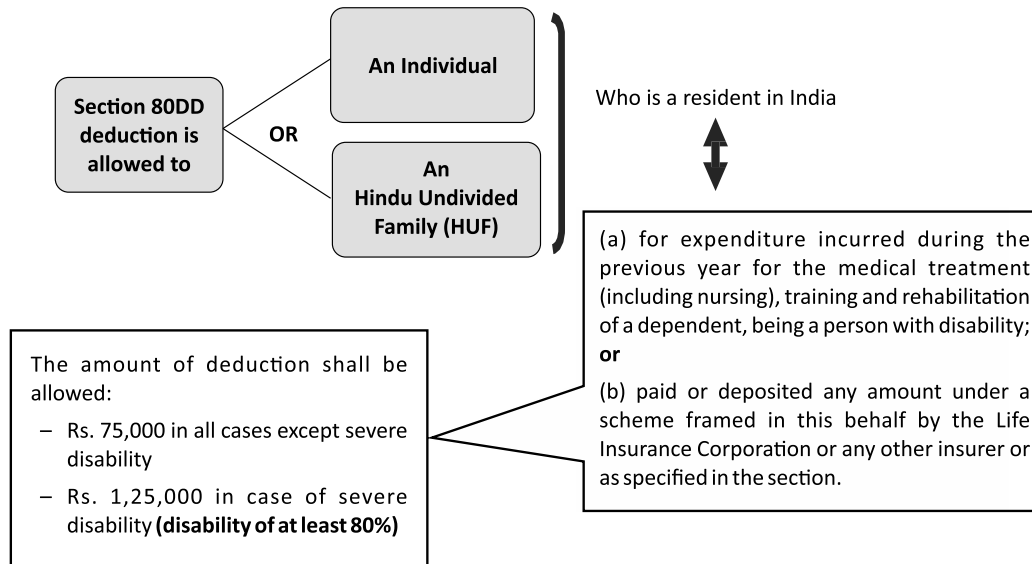
Illustration 2:

Assessment year 2026-27, an individual taxpayer can claim deduction of up to under Section 80D of the Income Tax Act, 1961, if he or his family members and his parents are 60 years or above:

- a) Rs. 50,000
- b) Rs. 60,000
- c) Rs. 1,00,000
- d) none of the above

Solution: (c) Rs. 1,00,000

Deduction in respect of maintenance including medical treatment of a dependent who is a person with disability [Section 80DD]



For the purpose of this section

- (a) “dependent” means -
- (i) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;
 - (ii) in the case of a Hindu undivided family, a member of the Hindu undivided family, 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.
- (b) “disability” shall have the meaning assigned to it in clause (i) of Section 2 of the persons with Disabilities (equal opportunities, protection of Rights and full participation) Act, 1995.

Deduction in respect of medical treatment of certain specified disease or ailment [Section 80DDB]

Section 80DDB provides deduction to an individual or a Hindu undivided family, who is a resident in India for amount actually paid during the previous year, for the medical treatment of such disease or ailment as may be specified in the rules made in this behalf by the Board -

- (a) for himself or a dependent, in case the assessee is an individual; or
- (b) for any member of a Hindu undivided family, in case the assessee is a Hindu undivided family, subject to a maximum of Rs. 40,000 (in case of senior citizen Rs. 1,00,000).

Deduction is allowed only when a certificate in Form No. 10-I (issued by neurologist, oncologist, urologist, hematologist, immunologist or any such specialist as may be specified working in a Government Hospital) is furnished.

Provided further that the deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer, or reimbursed by an employer, for the medical treatment of the person referred to

in Clause (a) or Clause (b).

“Dependent” means –

- (a) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual, Dependant wholly or mainly on such individual for support and maintenance;
- (b) in the case of a Hindu undivided family, any member of the Hindu undivided family, Dependant wholly or mainly on Hindu undivided family for support and maintenance.

Illustration 3:

X a resident individual incurs Rs. 30,000 expenditure on his own treatment of a specified disease and Rs. 15,000 on medical treatment of his wife in a government hospital. Rs. 2,000 is reimbursed by insurance company for his wife and Rs. 5,000 are reimbursed by his employer for him. Compute the amount of deduction under section 80DDB?

Solution:

The amount of deduction under section 80DDB shall be lower of 1 and 2 below less amount recovered from insurance company and employer.

1. $30,000 + 15,000 = 45,000$
 2. 40,000
- Rs. 40,000 less (2,000+5,000) = 33,000

Hence, Rs. 33, 000 is the amount of deduction under section 80 DDB.

Illustration 4:

If X, an individual incurs Rs. 1,80,000 expenditure on medical treatment of a specified disease for his mother (65 years) in a hospital recognised by Chief Commissioner and Rs. 8,000 are reimbursed by insurance company, what will be the amount of deduction available to him under section 80DDB?

- (a) Rs. 92,000
- (b) Rs. 72,000
- (c) Rs. 1,80,000
- (d) Any amount

Solution: (a) Rs. 92,000

Illustration 5:

If X, an individual incurs Rs. 1,80,000 expenditure on medical treatment of a specified disease for his grand mother (85 years) in a hospital recognised by Chief Commissioner and Rs. 8,000 are reimbursed by insurance company, what will be the amount of deduction available to him under section 80DDB?

- (a) Rs. 60,000
- (b) Rs. 1,80,000
- (c) Rs. 92,000
- (d) Nil

Solution: (c) Rs. 92,000

Illustration 6:

Maximum amount of deduction is allowed upto u/s 80DDB of the Income Tax Act, 1961, to an individual or HUF (Age below 60 years) towards the payment of medical treatment for critical illness for himself or family members:

- a) Rs. 1,00,000
- b) Rs. 60,000
- c) Rs. 40,000
- d) nil

Solution: (c) Rs. 40,000

Deduction in respect of repayment of loan taken for Higher Education [Section 80E]

Section 80E provides deduction to an individual for amount actually paid during the previous year out of his income chargeable to tax by way of an interest on loan, taken by him from any financial institution or any approved charitable institution for the purpose of pursuing higher education of self or any of the relative (i.e. spouse, children of the assessee or student for whom the individual is the legal guardian). The deduction will be available in computing the total income in respect of initial assessment year and the seven assessment years immediately succeeding the initial assessment year or until the interest thereon is paid by such individual in full, whichever is earlier. The expression "initial assessment year" means the assessment year relevant to the previous year, in which the assessee starts paying the interest on the loan.

"Higher Education" mean any course of study pursued after passing the Senior Secondary examination or its equivalent from any school, board or university recognised by the Central government or State government or local authority or by any other authority authorised by the Central government or State government or local authority to do so. Higher Education should be in India only.

"Financial Institution" mean a banking company to which the "Banking Regulation Act, 1949 applies or any other financial institution which the Central government may, by notification in the official gazette, specify in this behalf.

"Approved Charitable Institution" mean an institution specified in, or as the case may be, an institution established for charitable purposes and notified by the Central government under Section 10(23C) or an institution referred to in Section 80G(2)(a).

Illustration 7:

What is the upper limit of deduction (including interest) on loan, taken by an individual from any financial institution or any approved charitable institution for the purpose of pursuing his/her higher education?

- (a) Rs. 30,000
- (b) Rs. 40,000
- (c) Rs. 50,000
- (b) Any amount

Solution: (d) Any amount

Tax incentives for Affordable Housing [Section 80EEA]

New Section 80EEA of the Income Tax Act, 1961 has been introduced vide finance Act, 2019 as per which an additional tax deduction up to 1.5 Lakh is available for interest paid on loans taken up to 31st March 2022 [Amendment vide Finance Act, 2021]. It is an additional benefit on the top of Rs. 2 Lakh benefit extended by section 24. The maximum tax deduction on interest amount paid for home loan will be 3.5 Lakhs, i.e., 2 Lakh under section 24 and 1.5 Lakh under section 80EEA. The deduction will be available on loans taken up to 31st March 2022. The benefit will be given only on the interest component of the home loan.

Eligibility Conditions for Claiming Deduction

This benefit will be extended only to the first time home owner, i.e., the assessee should not be owner of any other house at the time of sanction to avail this benefit.

- The stamp duty value of a home should be 45 Lakhs or less.
- The deduction under this scheme is available only to the individuals. HUF, company or any other kind of taxpayer cannot claim benefit under this section.
- In order to claim this benefit, the property should be self-occupied and affordable.
- To claim this benefit, the individual must have taken the loan from the financial institution or bank. The loan sanction should be between 1st April, 2019 to 31st March, 2022 [Amendment vide Finance Act, 2021].
- This tax deduction can be claimed for by individual as well as joint home loan borrower. The joint home loan borrower can individually claim this benefit.
- The above benefit is not applicable for the commercial properties.

Maximum Tax Deduction benefit on home Loan Interest = 2 Lakh (Section 24) + 1.5 Lakh (Section 80EEA)

Example: Rakesh works in Pune in IT Company. He lives in Pune in a rented house. He purchased property in Surat. His father and family members live in a newly purchased house. He is buying a home for the first time, so he can take benefit of section 80EEA. The cost of a home is 45 Lakhs and he purchased this home by taking a home loan of 40 Lakh in May 2021.

The monthly EMI of this property is Rs.37000. The total of EMI for FY 2021-22 will be 4.07 Lakh. This includes principal payment of 0.3 Lakh and 3.77 Lakh of interest component.

As it is self occupied house and fulfilling condition of section 80EEA, Rakesh can claim 3.5 Lakh as deduction while filing Income tax return.

Tax incentives for Electric Vehicles [Section 80EEB]

In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of purchase of an electric vehicle.

The deduction under sub-section (1) shall not exceed Rs. 1,50,000 and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2020 and subsequent assessment years.

The deduction under sub-section (1) shall be subject to the condition that the loan has been sanctioned by the financial institution during the period beginning on the **1st day of April, 2019 and ending on the 31st day of March, 2023.**

Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

- (a) “electric vehicle” means a vehicle which is powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle and has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy;
- (b) “financial institution” means a banking company to which the Banking Regulation Act, 1949 applies, or any bank or banking institution referred to in section 51 of that Act and includes any deposit taking non-banking financial company or a systemically important non-deposit taking non-banking financial company as defined in clauses (e) and (g) of explanation 4 to section 43B.

Deduction in respect of donations to certain funds, charitable institutions, etc. [Section 80G]

Section 80G provides deduction to all assessee’s for donations to specified organizations or institutions or funds. However, any donation of any sum exceeding Rs. 2,000 shall not be allowed as deduction under the section unless such sum is paid by any mode other than cash. Further, where an assessee has claimed and has been allowed any deduction under this section in respect of any amount of donation, the same amount will not again qualify for deduction under any other provision of the Act for the same or any other assessment year. Donations in kind is not eligible as per the Supreme Court Ruling (*Vijaipat Singhania v. CIT*).

The quantum of deduction under this section is the aggregate of deduction permissible under clauses (A), (B), (C) & (D) mentioned below. Together for (C) and (D) below, there is a qualifying limit which is 10% of adjusted gross Total Income.

Adjusted gross total income means the “gross Total Income” as reduced by:

- i. Long-term Capital gains, if any which have been included in the “gross Total Income”.
- ii. Short-term Capital Gains u/s 111A (if any) included in “gross total income”
- iii. Short-term Capital Gains under Section 111A (if any) included in “gross total income”
- iv. All deductions permissible under Sections 80C to 80U excepting deduction under Section 80G.
- v. Exempted Income.
- vi. Income of NRIs and foreign Companies under Sections 115A, 115AB, 115AC, 115ACA or 115AD.

(A) 100% Deduction without any qualifying limit:

- (i) National Defense fund.
- (ii) Prime Minister’s national relief fund or the prime Minister’s Citizen Assistance and Relief in emergency Situations fund (PM CARES FUND).
- (iii) Prime Minister’s earthquake relief fund.
- (iv) Africa fund.
- (v) National Trust for welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities.
- (vi) National cultural fund set up by the Central Government.
- (vii) The Chief Minister’s relief fund or the lieutenant governor’s relief fund.
- (viii) National Illness Assistance fund.

- (ix) The Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996.
- (x) The Army/Air force Central welfare fund or the Indian naval Benevolent fund.
- (xi) Any fund set up by a State government to provide medical relief to poor.
- (xii) The national/State Blood transfusion Council.
- (xiii) Zila Saksharta Samiti constituted in any district.
- (xiv) Any fund set up by the State government of Gujarat, exclusively for providing relief to the victims of earthquake in Gujarat.
- (xv) Maharashtra Chief Minister's earthquake Relief fund.
- (xvi) University/educational Institute of national eminence approved by the prescribed authority.
- (xvii) National foundation for communal harmony.
- (xviii) the National Sports Development Fund set up by the Central Government
- (xix) Fund for technology development and application, set up by the Central government.
- (x) National Children's fund.
- (xxi) The Swachh Bharat Kosh, set up by the Central government, other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013.
- (xii) The Clean Ganga fund, set up by the Central government, whereas such assessee is a resident and such sum is other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013.
- (xxiii) The national fund for Control of Drug Abuse constituted under section 7A of the narcotic Drugs and psychotropic Substances Act, 1985.

(B) 50% Deduction without any qualifying limit:

- (i) Prime Minister's Drought Relief fund.

(C) 100% Deduction subject to qualifying limit:

- (i) Any sum to government or any approved local authority, institution or association to be utilized for promoting family planning.
- (ii) Any sum paid by the assessee, being a company, in the previous year as donation to Indian Olympic Association or to any other association established in India and notified by the Central government for:
 - I. Development of infrastructure for sports and games; or
 - II. Sponsorship of sports and games in India.

(D) 50% Deduction subject to qualifying limit:

- (i) Donation to government or any approved Local Authority, Institution or Association to be utilized for any Charitable purpose other than promoting family planning.
- (ii) Any other fund or Institution, which satisfies the conditions of Section 80G(5).
- (iii) Notified Temple, Mosque, Gurudwara, Church or any other place notified by the Central government to be of historic, as chorological or artistic importance, for renovation or repair of such place.
- (iv) Any corporation established by the Central or State Government specified under Section 10(26BB) for promoting interests of the members of a minority community.

- (v) Any authority constituted in India by or under any law for satisfying the need for housing accommodation or for the purpose of planning development or improvement of cities, towns and villages or for both.

Note: No deduction shall be allowed under this section in respect of donation of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash.

Illustration 8:

	Amount (Rs.)
Mr. 'A' had income against the following heads	
Taxable salary income	40,000
Income from house property	75,000
Income from other sources	20,000
Interest on securities of DCM Ltd. (gross)	8,000
Total	1,43,000

	Amount (Rs.)
He made following payments:	
Contribution to P.F. (recognised)	2,000
Donation to the Prime Minister's National Relief Fund	2,500
Donation to the Prime Minister's Drought Relief Fund	4,000
Donation to an approved association for promoting family planning	4,000
Donation to approved charitable trust	10,000

Compute Mr. A's taxable income for assessment year 2026-27.

Solution:

His taxable income for assessment year 2026-27 will be computed as follows:

Particulars	Amount (Rs.)
Net income from salary	40,000
Income from house property	75,000
Income from other sources	28,000
Gross Total Income	1,43,000
Less : Deduction under Section 80C	2,000

Less : Deduction permissible: Donation under Section 80G	13,500
(as worked out below)	
Taxable income	1,27,500
Income-tax on Rs.1,27,500	NIL
Net tax payable (including health & education cess @ 4%)	NIL

Note: Under Section 80G the various items of donations will be dealt with as under:

1. Prime Minister's National Relief Fund deductible in full without any restrictions.
2. Donation to Prime Minister's Drought Relief Fund is deductible to the extent of 50% of donation without any restrictions.
3. Donation to approved family planning association is deductible in full so long as it is within the 10% limit imposed by Section 80G(4).
4. Donation to an approved charitable trust is deductible to the tune of 50% so long as it is also within the limit imposed by Section 80G(4).

Calculation of deduction under Section 80G:

	Gross Total Income	1,43,000
Less :	Deduction under Sections 80C to 80U	2,000
	Adjusted gross total income	1,41,000

(i) Donation on which qualifying limit is not applicable:

(A) Allowed @ 100%

Prime Minister's national Relief fund 2,500

(B) Allowed @ 50%

Indira Gandhi Memorial Trust (4000) 2,000

(ii) Donation to which qualifying limit is applicable:

(1) for promotion of family planning 4,000

(2) Charitable trust 10,000

Limited to 10% of Adjusted Gross Total Income: 14,000

i.e., Rs.14,100/- Since donation to family planning are lowest than maximum allowable. Therefore, allowable amount is (4,000 + 5,000) Rs. 9,000/-

Total Deduction for Section 80G 13,500

CASE LAW

03.01.2017

*CIT vs. Dr. Virendra Swaroop Educational Foundation**Allahabad High Court*

Commissioner of Income Tax cannot refuse to renew the approval u/s 80G (5) on account of the fact that for the previous three years, the Assessee has shown surpluses.

Fact of the Case: The assessee-trust is engaged in educational activities. The Commissioner of Income Tax refused to renew the approval of the assessee under Section 80G (5) of the Income Tax Act on account of the fact that for the previous three years, the assessee has shown surpluses and, therefore, the CIT drew the conclusion that the activities of the assessee were in the nature of commercial enterprises and no charitable activity whatsoever was being pursued by the assessee. Being aggrieved by the order of the CIT Appeals dated 27.10.2009, the assessee filed an appeal before the Income Tax Appellate Tribunal 'ITAT' and by the order dated 26.2.2010, the ITAT came to the conclusion that the assessee was entitled to be granted a renewal under Section 80G (5) of the Income Tax Act, 1961. The department preferred an appeal before high Court.

The questions of law sought to be answered are hereunder:

- “(i) if the CIT comes to know that activities of the assessee’s were not genuinely charitable one, he can cancel the registration in exercise of his powers vested u/s 12AA(3) of the Act and;
- (ii) question of genuineness of the charitable trust cannot be examined in assessment proceedings rather can be examined by the CIT and in case it is found, at any stage, that the activities of the trust are not genuine or that there is no element of charity in the activities of the assessee, the CIT can withdraw the registration in exercise of his powers vested u/s 12AA(3) of the Act.”

Decision: It has been held that it is necessary for being granted a certificate under Section 80G(5) of the Act that purposes should be charitable. However, from the material available on record, he is unable to show any act of the assessee or any activity of the assessee, which would not amount to a charitable purpose within the meaning of Section 2 (15) of the Income Tax Act, which reads as under :-

“Charitable purpose” includes relief of the poor, education, medical relief, [preservation of environment (including watershed, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest,] and the advancement of any other object of general public utility.”

From reading of the above definition, it is abundantly clear that the word education utilised in the section stands independently on its own and to suggest that the word may be confined either to the rich or poor or any other strata of the society is not acceptable. The word education has been used in its widest term. It cannot be confined to any section, indeed education is something which is the birth right of every individual. To confine it to a certain group would not be fair in view of the definition as given in Section 2 (15) of the Income Tax Act and in view of the provisions of Section 10 (23C) of the Income Tax Act.

It is abundantly clear that the assessee was clearly entitled to be granted exemption under Section 80G (5) of the Income Tax Act for the current year as it has been done in the previous year in view of the law and in view of the findings recorded.

Therefore, the questions of law are answered in favour of the assessee.

Deduction in respect of Rent Paid [Section 80GG]

Section 80GG provides deduction to an individual for rent paid if in case the individual does not receive HRA exempt u/s 10(13A) or rent free accommodation from his employer. The accommodation should be occupied by the assessee for the purpose of his own residence. Further, the individual/spouse/minor child/HUF of which he or she is member does not own a residential accommodation at a place where the individual resides, performs the duties of his office or employment or carries on his or her business or profession. For the purpose of this section, the individual will give declaration in form 10BA. The amount of deduction admissible under this Section is lower of:

- Actual rent paid less 10% of 'Adjusted Total Income'.
- 25% of such 'Adjusted Total Income'.
- Amount calculated at Rs. 5,000 p.m.

Where Adjusted Total Income means the gross total income as reduced by long term capital gain if included in the gross total income, Short term Capital Gains under Section 111A and income referred to in section 115A to 115D and the amount of deduction under section 80C other than deduction under this section.

Illustration 9:

Mr. 'A' had income against the following heads,

<i>Particulars</i>	<i>Amount (Rs.)</i>
Professional income	6,40,000
Income from STCG (covered under section 111A)	5,000
Income from LTCG	12,000
Income from other sources	10,000
Contribution to P.P.F.	70,000
Payment of Rent	84,000

Compute Mr. A's taxable income for assessment year 2026-27.

Solution:

His taxable income for assessment year 2026-27 will be computed as follows:

<i>Particulars</i>	<i>Amount (Rs.)</i>
Professional income	6,40,000
Income from capital gains	17,000
Income from other sources	10,000
Gross Total Income	6,67,000
Less : Deduction under Section 80C	(70,000)
Less : Deduction under Section 80GG (as worked out below)	(26,000)
Taxable income	571,000

Working Note:

Least of the following is deductible under section 80GG

- $84,000 - (10\% \text{ of } 5,80,000) = 26,000$
- $25\% \text{ of } 5,80,000 = 1,45,000.$
- $\text{Rs. } 5,000 * 12 = 60,000$

Deduction under Section 80GG is lower of three above Rs. 26,000. Adjusted Total Income = $6,67,000 - 17,000 - 70,000 = 5,80,000.$

Note: If the Assessee opted to pay tax under section 115BAC, deduction under section 80C / 80GG is not available.

Deduction in Respect of Certain Donations for Scientific Research or Rural Development [Section 80GGA]

Section 80GGA provides 100% deduction to any assessee (other than an assessee whose gross total income includes income chargeable under the head “profits and gains of business or profession”) in respect of the following payments/donations:

- a) Sums paid to a research association which has, as its object the undertaking of scientific research, or to a university, college or other institution to be used for scientific research where such association, university, college or institution has been approved by the prescribed authority for the purpose of Section 35(1)(ii).
- b) Any sum paid by the assessee in the previous year to a research association which has as its object the undertaking of research in social science or statistical research or to a University or college or other institution to be used for social science or statistical research where such association or university college or institution is for the time being approved by the prescribed authority for the purpose of Section 35(1)(iii).
- c) Sums paid to an approved association or institution which has as its object the undertaking of any programme of rural development, to be used for the purposes of carrying out any programme of rural development approved for the purposes of Section 35CCA provided the assessee furnishes the certificate referred to in Section 35CCA(2).
- d) Sums paid to an approved association or institution which has as its object the undertaking of any programme of rural development provided the assessee furnishes a certificate referred to in Section 35CCA(2A).
- e) Any sum paid by the assessee in the previous year to a public sector company or a local authority or an association or institution approved by the national Committee for carrying out any eligible project or scheme, provided the assessee furnishes a certificate referred to in Section 35AC(2)(a).
- f) for the purposes of this clause, ‘national Committee’ means the committee constituted by the Central government from amongst persons of eminence in public life, in accordance with the rules made under Income-tax Act, 1961 and “eligible project or scheme” means such project or scheme for promoting the social and economic welfare of, or the uplift of, the public as may be notified by Central government on the recommendations of the national Committee.

- g) Sums paid before April 1, 2002 to an approved association or institution which has as its object the undertaking of any programme of conservation of natural resources or afforestation to be used for carrying out any programme of conservation of natural resources or of afforestation approved under Section 35CCB(2).
- h) Sums paid to the national fund for Rural Development set up and notified by the Central government for the purpose of carrying out rural development. This section also provides that where deduction under this section is claimed and allowed, deduction will not be allowed in respect of the same payment under any other provision of the Act for the same or any other assessment year.
- i) Any sum paid by the assessee in the previous year to the national Urban poverty eradication fund set up and notified by the Central government.

No deduction shall be allowed under this section in respect of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash.[Amendment vide Finance Act, 2020]

Deduction in respect of contributions given by Companies to political parties or an electoral Trust [Section 80GGB]

Section 80GGB provides 100% deduction for any sum contributed by an Indian Company in the previous year to any political party or to an electoral trust, while computing its total income, by a mode other than cash.

Deduction in respect of contributions given by any person to political parties or an electoral Trust [Section 80GGC]

Section 80GGC provides 100% deduction for any sum contributed by an assessee being any person to a political party or an electoral trust except local authority and every artificial juridical person wholly or partly funded by the government, while computing its total income, by a mode other than cash.

Deduction in respect of eligible Start-Up [Section 80IAC]

Section 80IAC provides a deduction to an assessee, being an eligible start-up, whose gross total income includes any profits and gains derived from eligible Business equal to 100% of the profit and gains derived from such business for 3 consecutive assessment years, at the option of the assessee out of ten years beginning from the year in which the eligible start-up is incorporated. The eligible Start-up should not be formed by splitting up, or the reconstruction, of a business already in existence and should not be formed by the transfer to a new business of machinery or plant previously used for any purpose. However any machinery or plant being previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the new business.

- (i) “eligible business” means a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation.
- (ii) “eligible start-up” means a company or a limited liability partnership (LLP) engaged in eligible business which fulfils the following conditions: –
 - (a) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2030.
 - (b) the total turnover of its business does not exceed hundred crore rupees in any of the previous years beginning from the year in which it is incorporated.
 - (c) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification.

Deductions in respect of profits and gains from Housing Projects [Section 80IBA]

Section 80IBA provides deduction to an assessee whose gross total income includes any profits and gains derived from the business of developing and building housing projects or rental housing projects, subject to the provisions of this section, of an amount equal to 100% of the profits and gains derived from such business.

A housing project shall be a project which fulfils the following conditions:

- a) The project is approved by the competent authority after the 1st day of June, 2016, but on or before the 31st day of March, 2022.
- b) The project is completed within a period of 5 years from the date of approval by the competent authority;
- c) The carpet area of the shops and other commercial establishments included in the housing project does not exceed 3% of the aggregate carpet area;
- d) The project is on a plot of land measuring not less than 1000 square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai or within the distance, measured aerially, of 25 kilometres from the municipal limits of these cities or 2000 metres, where the project is located in any other place;
- e) the stamp duty value of a residential unit does not exceed Rs. 45 lakhs if project is approved after 30/09/2019;
- f) The carpet area of the residential unit comprised in the housing project does not exceed 30 square meters (60 square meters if project approved after 30/09/2019), where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai or within the distance, measured aerially, of 25 kilometres from the municipal limits of these cities or 60 square metres (90 square meters if project approved after 30/09/2019), where the project is located in any other place;

“Carpet area” means the net usable floor area of an apartment [excluding (i) the area covered by the external walls (ii) areas under the service shafts/exclusive balcony or verandah area/exclusive open terrace area, but including the area covered by the internal partition wall of the apartment].

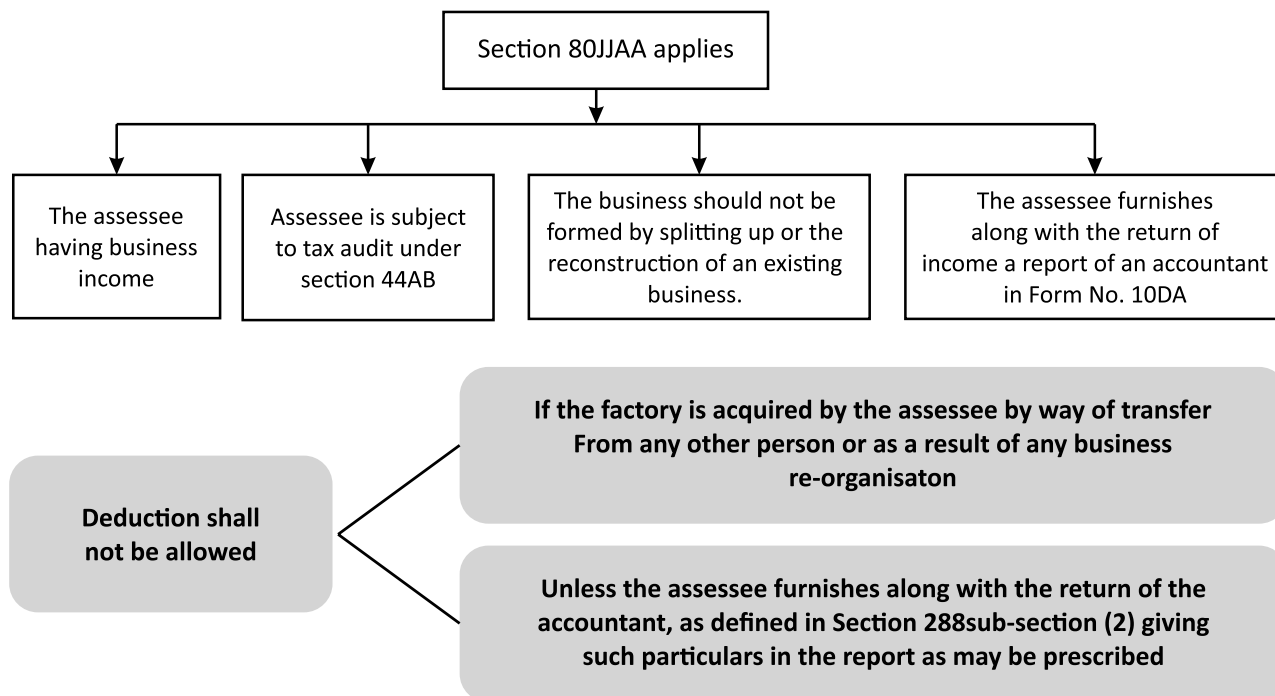
“Housing project” means a project consisting predominantly of residential units with such other facilities and amenities as the competent authority may approve subject to the provisions of this section;

“Rental housing project” means a project which is notified by the Central Government in the Official Gazette under this clause on or before the 31st day of March, 2022 and fulfils such conditions as may be specified in the said notification.

Deduction in respect of profits and gains from the Business of collecting and processing Bio-Degradable Waste [Section 80-JJA]

Section 80-JJA provides deduction to an assessee whose gross total income includes any profits and gains derived from the business of collecting and processing or treating of bio-degradable waste for generating power, or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas, making pellets or briquette for fuel or organic manure, of an amount equal to the whole of such profit and gains for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which such business commences.

Deduction in respect of employment of New Workmen [Section 80JJAA]



The deduction under this section is not available unless the assessee furnishes report of the accountant, as defined in the explanation below sub-section (2) of section 288, before the specified date referred to in section 44AB giving such particulars in the report as may be prescribed **[Amendment vide Finance Act, 2020]**.

Amount of Deduction:

If the aforementioned conditions are satisfied the assessee shall be allowed a deduction of an amount equal to 30% of additional wages paid to the new regular workmen employed by the assessee in the previous year for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

1. Additional wages means the wages paid or payable to new regular workman employed during the previous year. In case of an existing business additional employee cost shall NIL, if-
 - (a) There is no increase in number employees from the total number of employees employed as on the last day of the preceding previous year.
 - (b) Wages are paid otherwise than account payee cheque/account payee bank draft/eCS by a bank account or through prescribed electronic mode.

In case of a new business wages/ emoluments paid/ payable to employees shall be treated as additional wages. Hence, in the first year of a new business, thirty percent of all emoluments paid or payable to the employees employed during the previous year shall be allowed as deduction.

Note: The word 'factory' shall have the same meaning assigned to it in clause (m) of section 2 of the factories Act, 1948. Regular workmen does not include:

- (a) a casual workman
- (b) a workman employed through contract labour

- (c) any other workman employed for a period less than 240 days during the previous year or less than 150 days for apparel, footwear and leather industry.
2. With a view to extend this employment generation incentive to all sectors, an amendment has been made to provide that the deduction under the said provisions shall be available in respect of cost incurred on any employee whose total emoluments are less than or equal to twenty five thousand rupees per month. No deduction, however, shall be allowed in respect of cost incurred on those employees, for whom the entire contribution under employees' pension Scheme notified in accordance with employees' provident fund and Miscellaneous provisions Act, 1952, is paid by the government.
 - a) For whom the entire contribution under employees' pension Scheme notified in accordance with employees' provident fund and Miscellaneous provisions Act, 1952, is paid by the government.
 - b) An employee who does not participate in Recognised provident fund.
 - c) An employee who is employed for a period less than 240 days (150 days in case of apparel, footwear and leather Industry) during the previous year.
 3. Employer's contribution to provident fund or pension fund or any other fund for the benefit of employee is not eligible for deduction. Also amount paid by employer at time of termination of service or superannuation or voluntary retirement etc. not eligible for deduction.
 4. Where a new employee is employed for a period less than 240 (or 150 days in case of apparel/footwear/leather industry) during a previous year but in next year he is employed for a period of 240 or 150 days as the case may be, then he shall deemed to have been employed in such next year for the purpose of deduction under this section.

Deduction in respect of certain incomes of Offshore Banking Units and International Financial Services Authority [Section 80LA]

Where the gross total income of an assessee, being a scheduled bank, or, any bank incorporated by or under the laws of a country outside India; and having an Offshore Banking Unit in a Special Economic Zone, includes any income indicated below, there shall be allowed a deduction from such income, of an amount equal to one hundred per cent of such income.

Where the gross total income of an assessee, being a Unit of an International Financial Services Centre, includes any income indicated below, there shall be allowed a deduction from such income, of an amount equal to one hundred per cent of such income for any ten consecutive assessment years, at the option of the assessee, out of fifteen years, beginning with the assessment year relevant to the previous year in which the permission, under the Banking Regulation Act, 1949 or registration under the Securities and Exchange Board of India Act, 1992 or permission or registration under the International Financial Services Centres Authority Act, 2019 was obtained.

The income referred to in sub-section (1) and sub-section (1A) shall be the income:

- (a) from an Offshore Banking Unit in a Special Economic Zone; or
- (b) from the business referred to in sub-section (1) of section 6 of the Banking Regulation Act, 1949 with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or develops, operates and maintains a Special Economic Zone; or
- (c) from any Unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone;
- (d) arising from the transfer of an asset, being an aircraft or a ship, which was leased by a unit to a person, subject to the condition that the unit has commenced operation on or before the 31st day of March, 2030.

Deduction in respect of certain inter-corporate dividends [Section 80M]

Where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date.

Where any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under sub-section (1) in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

“Due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139. **[Inserted vide Finance Act, 2020]**

Deduction in respect of Income of Co-Operative Societies [Section 80P]

Section 80P provides deduction to co-operative societies in respect of following incomes, which are included in gross total income:

- A. 100% of the profits of a primary society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members to
 - The government or a local authority; or
 - A government company or a statutory corporation; or
 - A federal co-operative society, engaged in the business of supplying the above-said products.
- B. 100% of the profits of co-operative society engaged in any one of the following activities:
 - Carrying on the business of banking or providing credit facilities to its member, or
 - A cottage industry, or
 - The marketing of agricultural produce grown by its members, or
 - The purchase of agricultural implements for the purpose of supplying them to its members, or
 - The processing, without the aid of power, of agricultural produce of its members, or
 - The collective disposal of the labour of its member, or
 - fishing or allied activities for the purpose of supplying them to its members.

Provided, in the case of last two types of co-operative societies, the deduction, is available subject to the condition that the rules and bye-laws of the society restrict the voting rights to the members like, State government, Co-operative Credit Society which provide financial assistance to the society and individual, who contributes their labours.

W.e.f. Assessment Year 2007-08 this exemption is not be available to co-operative banks other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank.

- C. Profits and gains of co-operative society other than those specified in A and B above is exempt up to the specified limits:
 - is case of a consumer co-operative society - Rs. 1,00,000
 - is any other case - Rs. 50,000

- D. All profits by way of interest or dividend from its investment with any other co-operative society.
- E. 100% of income or profit of a Co-operative Society from the letting of godowns or warehouse for storage, processing or facilitating the marketing of commodities.
- F. A co-operative society, not being a housing society or an urban consumers society or a society carrying on transport business or a society engaged in the performance of any manufacturing operation with the aid of power, where the gross total income does not exceeds Rs. 20,000. The amount of any income by way of interest on securities or any income from house property chargeable under Section 22 will also be allowed as deduction.

CASE LAW

2017

Citizen Co-operative Society Ltd. v. Asstt. CIT

Supreme Court

Where assessee society was engaged in activity of finance business and was also engaged in activity of granting loans to general public as well, it could not be termed as co-operative society meant only for providing credit facilities to its members, hence not entitled to deduction under section 80P [Assessment year 2009-10] [In favour of revenue]

Fact of the Case: The assessee/appellant was a co-operative society, for relevant assessment year 2009-10, it was denied the benefit of section 80P on the ground that it was carrying on the banking business for public at large and for all practical purposes it was acting like a co-operative bank governed by the Banking Regulation Act, 1949, and its operations were not confined to its members but to outsiders as well, hence, the Assessing officer applied section 80P(4) to deny deduction and was of the view that benefit of deduction, as contemplated under the said provision is, inter alia, admissible to those co-operative societies which carry on business of banking or providing credit facilities to its member. It was found that the assessee was catering to two distinct categories of people. The first category is that of resident members or ordinary members. Further, the assessee had carved out another category of 'nominal members'. There are those members who are making deposits with the assessee for the purpose of obtaining loans, etc. and, in fact, they are not members in real sense. Most of the business of the appellant was with this second category of persons who have been giving deposits which are kept in fixed deposits with a motive to earn maximum returns. It is also found that the appellant is engaged in the activity of granting loans to general public as well. All this is done without any approval from the Registrar of the societies. With indulgence is such kind of activity by the appellant, it is remarked by the Assessing officer that the activity of the appellant is in violation of the co-operative Societies Act. Moreover, it is a co-operative credit society which is not entitled to deduction under section 80P (2)(a)(i) of the Income Tax Act, 1961.

Decision: The Supreme Court by impugned order held that the appellant cannot be treated as a co-operative society meant only for its members and providing credit facilities to its members such a society cannot claim the benefit of section 80P of the Income-tax Act, 1961.

Deduction in respect of certain income of producer Companies [Section 80PA]

100% Deduction of the profits derived from eligible business to a producer Company having a total turnover of less than one hundred crore rupees. Benefit shall be available for the previous year relevant to an assessment year commencing on or after the 1st day of April, 2019, but before the 1st day of April, 2025.

In a case where the assessee is entitled also to deduction under any other provision of this Chapter, the deduction under this section shall be allowed with reference to the income, if any, as referred to in this section included in the gross total income as reduced by the deductions under such other provision of this Chapter.

“Eligible business” means –

- (a) the marketing of agricultural produce grown by the members
- (b) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to the members
- (c) the processing of the agricultural produce of the members.

“Member” and “producer Company” shall have the meaning assigned to it in the Companies Act.

Deduction in respect of royalty income, etc., of authors of certain books other than text-books [Section 80QQB]

Where, in the case of an individual resident in India, being an author, the gross total income includes any income, derived by him in the exercise of his profession, on account of any lump sum consideration for the assignment or grant of any of his interests in the copyright of any book being a work of literary, artistic or scientific nature, or of royalty or copyright fees (whether receivable in lump sum or otherwise) in respect of such book, there shall be allowed, in computing the total income of the assessee, a deduction from such income, equal to the whole of such income or an amount of three lakh rupees, whichever is less.

Provided that where the income by way of such royalty or the copyright fee, is not a lump sum consideration in lieu of all rights of the assessee in the book, so much of the income, before allowing expenses attributable to such income, as is in excess of fifteen per cent of the value of such books sold during the previous year shall be ignored.

Provided further that in respect of any income earned from any source outside India, so much of the income shall be taken into account for the purpose of this section as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year in which such income is earned or within such further period as the competent authority may allow in this behalf.

No deduction under this section shall be allowed unless the assessee furnishes a certificate in the prescribed form.

“**books**” shall not include brochures, commentaries, diaries, guides, journals, magazines, newspapers, pamphlets, text-books for schools, tracts and other publications of similar nature.

Deduction in respect of Royalty on patents [Section 80RRB]

Section 80RRB provides deduction to resident individual, a patentee who is in receipt of income by way of royalty in respect of a patent registered on or after the 1st day of April, 2003 under the patents Act, 1970, and his gross total income of the previous year includes royalty, subject to the provisions of this section. This deduction shall be available only to a resident individual who is registered as the true and first inventor in respect of an invention under the patents Act, 1970, including the co-owner of the patent. The amount of deduction is lower of 100% of such income or Rs. 300,000. In case, any such income is earned from any sources outside India, so much of the income, shall be taken into account for the purpose of this section as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year in which such income is earned or within such further period as the competent authority may allow in this behalf.

Provided that where a compulsory licence is granted in respect of any patent under the patent Act, 1970, the income by way of royalty for the purpose of allowing deduction under this section shall not exceed the amount of royalty under the terms and conditions of a licence settled by the Controller under that Act:

No deduction under this section shall be allowed unless the assessee furnishes a certificate in the prescribed form (form no. 10CCD), duly signed by the prescribed authority, along with the return of income setting forth such particulars as may be prescribed.

No deduction under this section shall be allowed in respect of any income earned from any source outside India, unless the assessee furnishes a certificate in the prescribed form (form no. 10h), from the authority or authorities, as may be prescribed, along with the return of income.

Explanation.

- (a) "Controller" shall have the meaning assigned to it in clause (b) of Sub-section (1) of Section 2 of the Patents Act, 1970;
- (b) "lump sum" includes an advance payment on account of such royalties which is not returnable;
- (c) "patent" means a patent (including a patent of addition) granted under the Patents Act, 1970;
- (d) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the patents Act, 1970, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;
- (e) "patent of addition" shall have the meaning assigned to it in clause (q) of Sub-section (1) of Section 2 of the patents Act, 1970;
- (f) "patented article" and "patented process" shall have the meanings respectively assigned to them in clause (o) of Sub-section (1) of Section 2 of the Patents Act, 1970;
- (g) "royalty", in respect of a patent, means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or of the patented article for commercial use) for-
 - (i) the transfer of all or any rights (including the granting of a licence) in respect of a patent; or
 - (ii) the imparting of any information concerning the working of, or the use of, a patent; or
 - (iii) the use of any patent; or
 - (iv) the rendering of any services in connection with the activities referred to in Sub-clauses (i) to (iii).
- (h) "true and first inventor" shall have the meaning assigned to it in Clause (y) of Sub-section (1) of Section 2 of the Patents Act, 1970.

Deduction in respect of interest on deposits in Savings Account [Section 80TTA]

Section 80TTA provides deduction to an assessee (other than referred to section 80TTB) individual or a Hindu undivided family whose gross total income includes any income by way of interest on deposits (Not being time deposits) in a savings account with -

- (a) a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act);
- (b) a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or

- (c) a post office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898.

The maximum amount of deduction is Rs. 10,000.

Further, where the income referred to in this section is derived from any deposit in a savings account held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.

For the purposes of this section - "Time deposits" means the deposits repayable on expiry of fixed periods.

Deduction in respect of interest on deposits in case of senior citizens [Section 80TTB]

Where the gross total income of a senior citizen (assessee) includes any income by way of interest on deposits with a banking company, a co-operative bank or post office, there shall be allowed a deduction:

- (a) in a case where the amount of such income does not exceed in the aggregate Rs. 50,000, the whole of such amount; and
- (b) in any other case, Rs. 50,000.

No deduction shall be allowed if deposit held by or on behalf of a Firm, an AOP or BOI.

"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.

Illustration 10:

The maximum amount of deduction allowed u/s 80TTB of the Income Tax Act, 1961, with respect to interest income from deposits with banks or post office or co-operative banks is:

- a) Rs. 10,000
- b) Rs. 20,000
- c) Rs. 50,000
- d) Nil

Solution: (c) Rs. 50,000

Deduction in case of a person with Disability [Section 80U]

Section 80U provides deduction to a resident individual who suffers from 40% or more of any of the disabilities, namely, blindness, low vision, leprosy-cured, hearing impairment, locomotor disability, mental retardation and mental illness.

The amount of deduction is Rs. 75,000 (flat in case of disability) and Rs. 1,25,000 (flat in case of severe disability, being disability of at least 80%). To claim deduction under this section, a certificate issued by the medical authority in the form and manner, as may be prescribed, to be a person with disability is required to be furnished along with the return of income under Section 139, in respect of the assessment year for which the deduction is claimed.

Provided that where the condition of disability requires reassessment of its extent after a period stipulated in the aforesaid certificate no deduction under this section shall be allowed for any assessment year relating to any previous year beginning after the expiry of the previous year during which the aforesaid certificate of disability

had expired, unless a new certificate is obtained from the medical authority in the form and manner, as may be prescribed, and a copy thereof is furnished along with the return of income under Section 139.

Explanation - for the purposes of this section, –

- (a) “disability” shall have the meaning assigned to it in clause (i) of Section 2 of the persons with Disabilities (equal opportunities, protection of Rights and full participation) Act, 1995 and includes “autism”, “cerebral palsy” and “multiple disabilities” referred to in clauses (a), (c) and (h) of Section 2 of the national Trust for Welfare of persons with Autism, Cerebral palsy, Mental Retardation and Multiple Disabilities Act, 1999;
- (b) “medical authority” means the medical authority as referred to in clause (p) of Section 2 of the persons with Disabilities (equal opportunities, protection of Rights and full participation) Act, 1995, or such other medical authority as may, by notification, be specified by the Central government for certifying “autism”, “cerebral palsy”, “multiple disabilities”, “person with disability” and “severe disability” referred to in clauses (a), (c), (h), (q) and (o) of Section 2 of the national Trust for Welfare of persons with Autism, Cerebral palsy, Mental Retardation and Multiple Disabilities Act, 1999;
- (c) “person with disability” means a person referred to in clause (t) of Section 2 of the persons with Disabilities (equal opportunities, protection of Rights and full participation) Act, 1995, or clause (j) of Section 2 of the national Trust for Welfare of persons with Autism, Cerebral palsy, Mental Retardation and Multiple Disabilities Act, 1999;
- (d) “person with severe disability” means:
 - (i) a person with eighty per cent or more of one or more disabilities, as referred to in Sub-section (4) of Section 56 of the persons with Disabilities (equal opportunities, protection of Rights and full participation) Act, 1995; or
 - (ii) a person with severe disability referred to in clause (o) of Section 2 of the national Trust for Welfare of persons with Autism, Cerebral palsy, Mental Retardation and Multiple Disabilities Act, 1999.

REBATE AND RELIEF

Resident Individual not opting for Section 115BAC

A resident individual, whose total income does not exceed Rs. 5,00,000, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to 100% of such income-tax or an amount of Rs. 12,500 whichever is less.

However, rebate u/s 87A is not available in respect of tax payable on long-term capital gains taxable under section 112A,

Resident Individual opting for Section 115BAC

A resident individual,

- i. if the total income of the resident individual is chargeable to tax u/s 115BAC and the total income of such individual does not exceed Rs. 12,00,000, the rebate shall be equal to the amount of income tax payable on his total income for any assessment year or an amount of Rs. 60,000 whichever is less.
- ii. if the total income of the resident individual is chargeable to tax u/s 115BAC and the total income of such individual exceeds Rs. 12,00,000, and income tax payable on such total income exceeds the amount by which the total income is in excess of Rs. 12,00,000, the rebate would be as follows:

Step 1 – Total Income – Rs. 12,00,000 (A)

Step 2 – Compute income tax payable on Total Income (B)

Step 3 – If B > A, rebate would be B-A

In both the above situation, rebate shall not exceed the amount of income tax computed as per the rates provided in section 115BAC.

Relief when Salary is paid in arrears or in Advance [Section 89]

Section 89 provides relief to an individual who receives any portion of his salary in arrears or in advance or receives profit in lieu of salary during the previous year. The assessee may apply to the Assessing officer who is been empowered to grant relief in appropriate cases in accordance with Rule 21AA of the Income-tax Rules, 1962. However, no such relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in sub clause (i) of clause (10C) of section 10, a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been claimed by the assessee under clause (10C) of section 10 in respect of such, or any other, assessment year.

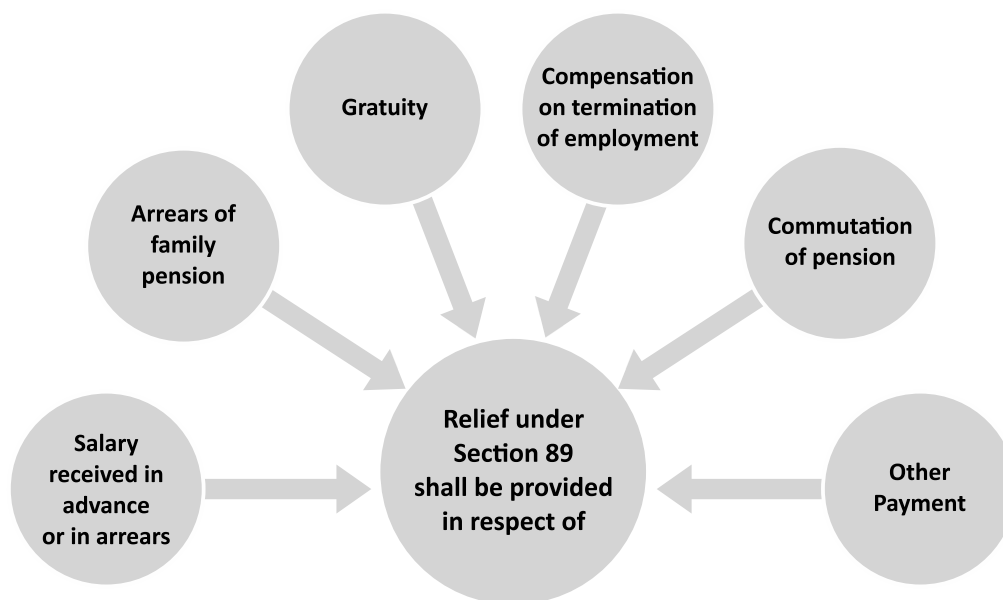


Illustration 11:

Mr. Ram who is a person with disability submit the following information. Compute (a) the Taxable Income (b) the Tax payable for the assessment year 2026-27.

<i>Particulars</i>		<i>Amounts (Rs.)</i>
(i)	Salary (per annum)	3,00,000
(ii)	Rent received	48,000
(iii)	Dividend from Co-operative Society	1,000

(iv)	Interest on Savings Bank Deposits	18,000
(v)	Interest on government securities	1,000
(vi)	Winning from Lotteries (gross)	5,000
(vii)	NSC (VIII Issue) purchased during the year	10,000
(viii)	Deposit under PPF Scheme	30,000

He earned a long-term capital gain of Rs. 15,000 on sale of gold during the year.

Solution:

A. Computation of Total Income	Rs.	Rs.
Income from Basic Salary		3,00,000
<i>Less : Deduction under section 16(ia) – Standard Deduction</i>		(50,000)
		2,50,000
Income from house property		
Rent Received	48,000	
<i>Less : Statutory Deduction @ 30%</i>	(14,400)	33,600
Capital Gains		
Long-term capital gains		15,000
Income from other sources		
Dividend from co-operative society	1,000	
Interest on saving bank deposits	18,000	
Interest on government Securities	1,000	
Winning from Lotteries	5,000	25,000
Gross Total Income		3,23,600
<i>Less : Deduction under section 80C to 80U</i>		
(i) Under section 80C Rs. (10,000 + 30,000)	(40,000)	
(ii) Under section 80TTA	(10,000)	
(iii) Under section 80U	(75,000)	(1,25,000)
Total Income		1,98,600
B. Computation of Tax on Total Income		
Tax on winning from lotteries (30% of Rs.5,000)		1,500

Tax on long-term capital gains (12.5% of Rs.15,000)		1,875
Balance of Total Income Rs. 1,78,600		Nil
Tax payable, bring total income below Rs. 2,50,000		Nil

Note: The solution has been made assuming the assessee has not opted to pay tax under section 115BAC of the Income Tax Act, 1961.

Illustration 12:

Rahul who is a resident in India, is a person with disability, he provides the following particulars of his income for the year ended 31.3.2026.

(a)	Salary for working as a cable operator (per month)	18,000
(b)	Interest on government securities (gross)	45,000
(c)	Honorarium from school of orphanage for giving his service	49,000

He has donated Rs. 20,000 to the school for orphanage which is approved as a charitable institution and contributed Rs. 2,000 to prime Minister national Relief Fund, he has also paid Rs.3,000 by credit card as premium of mediclaim policy, his father is also a person with disability and is dependent on him for medical treatment and rehabilitation. Rahul spends Rs. 8,000 during the year on him.

Compute the Total Income for the Assessment Year 2026-27, assuming he has deposited Rs. 20,000 in public provident fund Account.

Solution:

Computation of Total Income for the Assessment Year 2026-27

<i>Income from salary</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Gross Salary		2,16,000	
Less : Deduction (Standard)		(50,000)	1,66,000
<i>Income from other sources</i>			
Interest on Government Securities		45,000	
Honorarium		49,000	94,000
Gross Total Income			2,60,000
Less : Deductions:			
Under section 80C		20,000	
(ii) Under section 80D		3,000	
(iii) Under section 80DD		75,000	
(iv) Under section 80U		75,000	
(v) Under section 80G			

Prime Minister Relief fund (100% of Rs. 2,000)	2,000		
Orphanage School (50% of Rs. 8,700) 10% of 87,000 Rs. (2,60,000 - 1,73,000)	4,350	6,350	(1,79,350)
Total Income			80,650

Note: The solution has been made assuming the assessee has not opted to pay tax under section 115BAC of the Income Tax Act, 1961.

Illustration 13:

Following are the particulars of income of Mr. Ram, who is 70 years old resident in India, for the Assessment year 2026-27:

Gross Total Income Rs. 8,10,040 which includes long-term capital gain of Rs. 2,55,000, Short-term capital gain of Rs. 88,000, interest income of Rs. 12,000 from savings bank deposits with banks. Mr. Ram invested in PPF Rs. 1,40,000 and also paid a medical insurance premium Rs. 31,000. Compute the total income of Mr. Ram.

Solution:

Computation of Total Income for the Assessment Year 2026-27

<i>Particulars</i>	<i>Rs.</i>
Gross total income	8,10,040
Less : Deductions:	
Under section 80C	1,40,000
Undersection80D	31,000
Undersection80TTA	10,000
Total income	6,29,040

Note: The solution has been made assuming the assessee has not opted to pay tax under section 115BAC of the Income-tax Act, 1961.

LESSON ROUND-UP

- **Section 80C:** Deduction on life insurance premia, contribution to provident fund, etc. available to individual/HUF for a maximum amount of Rs.1,50,000.
- **Section 80CCC:** Deduction for contribution to pension fund - Available to individual for maximum amount of Rs.150,000.
- **Section 80CCD:** Deduction in respect of contribution to pension scheme of Central government-available to individual.
- **Section 80CCE:** Limit on deductions under Sections 80C, 80CCC and 80CCD - cannot exceed Rs.1,50,000. Additional deduction allowed under section 80CCD(1B) of maximum Rs. 50,000.

- **Section 80CCG:** Deduction in respect of investment made under any equity saving scheme : Available to resident individual subject to maximum of Rs. 25,000.
- **Section 80CCH:** Deduction in respect of contribution to Agnipath Scheme.
- **Section 80D:** Deduction in respect of medical insurance premia - Available to individual/HUF.
- **Section 80DD:** Deduction in respect of maintenance including medical treatment of a dependent who is a person with disability or severe disability.
- **Section 80DDB read with Rule 11DD:** Deduction in respect of medical treatment, etc.: Available to Resident individual/resident HUF.
- **Section 80E:** Deduction in respect of repayment of loan taken for higher education: Available to individual.
- **Section 80G:** Deduction in respect of donations to certain funds, charitable institutions, etc. Available to all assesseees subject to maximum of 50% of qualifying amount, 100% as the case may be.
- **Section 80GG:** Deduction in respect of rent paid Available to individual for a maximum of Rs. 60,000.
- **Section 80GGA:** Deduction in respect of certain donations for scientific research or rural development.
- **Section 80GGB:** Deduction in respect of contributions given by companies to political parties.
- **Section 80GGC:** Deduction in respect of contributions given by any person to political parties.
- **Section 80-JJA:** Deduction in respect of profits and gains from the business of collecting and processing bio-degradable waste - Available to all assesseees carrying on the business of collecting and processing bio-degradable waste.
- **Section 80-JJAA:** Deduction in respect of employment of new workmen - Available to Indian company of 30% of additional wages paid to new regular workmen.
- **Section 80LA:** Deduction in respect of certain incomes of offshore Banking Units.
- **Section 80M:** Deduction in respect of certain inter-corporate dividends.
- **Section 80P:** Deduction in respect of income of co-operative societies - Specified incomes subject to amount specified in sub section (2).
- **Section 80PA:** Deduction of specified income of producer company.
- **Section 80QQB:** Deduction in respect of royalty income, etc., of authors of certain books other than text books - Available to resident individual, for a maximum deduction of Rs. 3,00,000.
- **Section 80RRB:** Deduction in respect of royalty on patents - Available to Resident Individual, maximum of Rs. 3,00,000.
- **Section 80TTA:** Deduction in respect of interest on deposits in savings account - Available to Individual/HUF upto Rs. 10,000.
- **Section 80TTB:** Deduction on time deposit - To senior citizen upto Rs. 50,000.
- **Section 80U:** Deduction in case of a person with disability - Available to Resident individual subject to maximum of Rs. 125,000

TEST YOURSELF

(These are meant for recapitulation only. Answers to these questions are not to be submitted for evaluation.)

Multiple Choice Questions “MCQs”

1. Deduction u/s 80C, in respect of Life Insurance premium, Contribution to provident fund etc., is allowed to?
- a) Any assessee
 - b) An individual
 - c) An individual / HUF
 - d) An individual / HUF who is resident in India

Answer: (d)

2. The flat amount of deduction under section 80U is -
- a) Rs.50,000 and Rs.75,000
 - b) Rs.75,000 and Rs. 1,00,000
 - c) Rs.75,000 and Rs. 1,10,000
 - d) Rs.75,000 and Rs. 1,25,000

Answer: (d)

3. Which of the following is covered under section 80D of the Income-tax Act, 1961 –
- a) Repayment of loan taken for higher education
 - b) Medical treatment of handicapped dependent
 - c) Medical Insurance premium
 - d) Reimbursement of medical expenses

Answer: (c)

4. Deduction under section 80E can be claimed for interest on loan for
- a) Any course of higher education
 - b) only post graduate courses
 - c) only graduate courses
 - d) Any course of study after passing the Senior Secondary examination or its equivalent from any recognised school, board or university

Answer: (d)

5. Maximum qualifying limit for deduction under section 80C is -
- a) Rs. 50,000
 - b) Rs. 1,10,000
 - c) Rs. 1,00,000
 - d) Rs. 1,50,000

Answer: (d)

6. Deduction u/s 80D of the Income tax Act, 1961 can be claimed by ___
- a) An Individual and HUF opted for Section 115BAC of the Income tax Act, 1961.
 - b) An Individual and HUF not opted for Section 115BAC of the Income tax Act, 1961.
 - c) All assessee
 - d) none of the above

Answer: b

7. In Income Tax Act, 1961, deduction under sections 80C to 80U cannot exceed _____
- a) gross total income
 - b) Total income
 - c) Income from business or profession
 - d) Income from house property

Answer: a

8. Deduction can be claimed for amount deposited under Sukanya Samridhi Account under section ____ of the Income-tax Act, 1961
- a) 80CC
 - b) 80 C
 - c) 80 D
 - d) 80DD

Answer: b

9. Chapter VI-A of the Income-tax Act, 1961 deals with:
- a) Deduction
 - b) exemption
 - c) Carry forward and set-off of losses
 - d) none of the above

Answer: a

10. Donation on PM's national Relief fund is deductible 100% out of the gross total income of the assessee, under section ____ of the Income-tax Act, 1961.
- a) 80 C
 - b) 80 D
 - c) 80 G
 - d) 80 GG

Answer: c

