

CHAPTER 6: DEDUCTION FROM GROSS TOTAL INCOME

- Deduction is allowed from Gross Total Income. If GTI is less than deduction then, deduction is restricted to the amount of GTI.
- No Deduction is allowed from STCG u/s 111A , LTCG u/s 112, LTCG u/s 112A and casual income.

SECTION 80C DEDUCTION IN RESPECT OF CERTAIN PAYMENTS/INVESTMENTS

1. **Assesee** - Individual / HUF
2. **Deduction** - Amount Invested or ₹ 1.5 lacs – Whichever is lower.
3. **Payment Is Made Towards**
 - (i) Life Insurance Policy for self, spouse & child. Subject to a maximum of 10% of the actual capital sum assured. (15% for person who is a person with disability as referred to in section 80U or suffering from disease as specified in section 80DDB).
 - (ii) In respect of policy issued before 01.04.2012, 10% shall be taken as 20%.
 - (iii) Contribution made in Unit Linked insurance Plan (ULIP) of UTI or mutual fund. (self, spouse and any child or any member of HUF).
 - (iv) Investment in fixed deposit for a period of 5 years or more.
 - (v) Invested in five-year post-office time deposit account.
 - (vi) Contribution by individual to SPF / RPF.
 - (vii) Contribution made by individual or HUF to Public Provident Fund (self, spouse and any child or any member of HUF).
 - (viii) Deduction shall be allowed if amount has been invested in National Saving Certificate (NSC).
 - (ix) Interest accrued on NSC shall be income under the head other sources also deduction is allowed for such interest u/s 80C. However, no deduction shall be allowed for Interest accrued in last year.
 - (x) Repayment of Principle amount of Housing Loan.
 - (xi) Stamp duty, registration fee or other charges paid for acquisition of house property.
 - (xii) Payment of tuition fees (maximum two children and it should be whole time education).
 - (xiii) Senior Citizens Savings Scheme.
 - (xiv) Investment in Sukanya Samridhi Account.
 - (xv) Contribution to any notified pension scheme of Mutual fund or UTI.
 - (xvi) Contribution to NPS Tier-2 account by CG EE for a fixed period of 3 years or more.

Example.1

Basic Salary is 75,000 per month

DA is 50% of Basic Salary which forms part of retirement benefit

Both Employer & Employee contributes 15% of Basic Salary & DA to NPS

Employee also contributed following Amounts

- NSE = 50,000
- PPF = 50,000
- Tuition fees = 70,000 (for 2 child)
- Pension scheme of LIC = 30,000

Calculate Taxable Income under old regime.

Example 2.

Calculate Total income of Mr. X, non-resident having age 65 years

- Salary income (Computed) 5,00,000
- Interest on Saving A/c 50,000
- Interest on FD A/c 70,000
- Investment in PPF 75,000
- Investment in Pension Scheme 50,000

Illustration 1

Compute deduction u/s 80C available to X from the following informations :

1. Own contribution towards the statutory provident fund.
2. Life insurance premium paid on self-life — to American life insurance company in USA.
3. Fixed deposit in Canara Bank for 5 years (Specified)
4. LIP paid by employer on behalf of employee.
5. Subscription to units of Mutual Fund to be invested in development of infrastructure.
6. Un-recognized Provident Fund.
7. Tuition Fees for three children (10,000/- per child).
8. Interest of 7,000 has accrued to him on old National Savings Certificate purchased in past year
9. Purchased equity linked saving scheme of UTI.
10. Repayment of loan to LIC for purchase of new residential house property.
11. Subscription to equity shares of power company.
12. Contribution to National relief bond.
13. Purchased Kisan Vikas Patra.
14. Deposits in Post Office (CTD) Scheme.
15. Mr. Z has paid a sum of 65,000 as tuition fees to a university in Australia.

Illustration 2

Date of Issue of Policy	Person Insured	Actual Capital Sum Assured	Insurance Premium Paid during Year
01.06.2011	Mr. X	4,00,000	75,000
01.05.2017	MR. X	1,00,000	25,000

01.07.2018	Ms. Y, his handicapped daughter (section 80U disability)	5,00,000	60,000
01.07.2018	Mr. Z, his son	1,00,000	25,000

SECTION 80CCC DEDUCTION IN RESPECT OF CONTRIBUTION TO CERTAIN PENSION FUNDS

- **Assessee – Individual.**
- **Deduction - Amount Invested or ₹ 1.5 lacs – Whichever is lower.**
- **Payment Is Made Towards**
 - a. Pension plan of Life Insurance Corporation (LIC) also known as annuity scheme; or
 - b. Pension Plan of any other Private Insurer as approved by Controller of Insurance.

Illustration 3.

Mr. X has income under the head Business/Profession 19,90,000 .His investments are as given below:

1. Investment in NSC 50,000
2. Investment in PPF in name of MR. X 5,000
3. Payment of premium for LIC policy taken in the name of dependent father on 16.06.2022 and its premium paid is 11,000
4. Payment of premium for LIC policy taken in the name of independent son on 15.04.2023 and its premium paid is 6,000 (sum assured 1,00,000)
5. Payment of premium for LIC policy taken in the name of independent married daughter on 11.01.2024 and its premium paid is 21,000 (sum assured 1,00,000)

Compute Income Tax liability.

Illustration 4

Mr. X has income under the head business/profession 3,35,000. He has made the following investments: -

1. NSC 10,000
2. Investment in post office 5 year time deposit account 15,000
3. Payment of premium for life policy in the name of major married independent son on 10.10.2021 30,000 (sum assured 90,000)
4. Paid premium of 11,000 for Jeeven Suraksha policy (Pension Scheme U/s 80CCC) taken in name of Mr. X on 11.11.2022.

Compute income tax liability.

Section 80CCD Deduction in respect of contribution to Pension Scheme of Central Government

1. **Assessee - Individual**
2. **Assessee's own contribution**
 - **Section 80CCD(1)**
 - a) Salaried EE = EE's Contribution subject to maximum 10% Of RBS

- b) Other Individual = Assessee's Contribution subject to maximum 20% of GTI
- **Section 80CCD(1B)**
An additional deduction of upto ₹ 50,000 is allowed over and above u/s 80CCD (1)
Note: Always claim deduction under 80CCD(1B) first and then balance under 80CCD (1)
3. **ER Contribution to EE's NPS [Section 80CCD(2)]**
- Amount contributed by ER is Added to Gross Salary
 - Also Deduction is allowed for such contribution subject to maximum 10% Of RBS (14% of RBS in case contribution is made by CG/SG)
However, Deduction is allowed for such contribution subject to maximum 14% of RBS (In case of Default Tax Regime to both Govt. and Non-Govt. Employees)

Example 3

Compute deduction u/s 80CCD in following cases :-

- Retirement benefit salary = 12,40,000
Contribution to NPS = 1,40,000
- Retirement benefit salary = 12,40,000
Contribution to NPS = 1,20,000
- Retirement benefit salary = 18,00,000
Contribution to NPS = 2,00,000
- Retirement benefit salary = 18,00,000
Contribution to NPS = 2,50,000

Example 4

Basic Salary is 1,00,000 per month

DA is 100% of Basic Salary of which 50% forms part of Retirement benefit

Both Employer & Employee contributes 20% of Basic salary to NPS (Tier I)

Calculate taxable income of Employee under both regime

Example 5

Mr. X Basic Salary is 70,000 per month

DA is 80% of Basic Salary (50% forms part of Retirement benefit)

Employer & Employee both contribute 20% of Basic Salary to NPS

Calculate Total Income under Old Regime

Illustration 5

MR. X is employed in Central Government since 01.01.2024 and is getting basic pay of 1,00,000 p.m. She has contributed 10,000 p.m. to the notified pension scheme of Central Government and employer has also contributed an equal Amount. She has paid premium of Jeevan Suraksha Policy 3,000 and invested 1,00,000 in NSC. Compute her tax liability.

Illustration 6

The basic salary of Mr. X is 80,000 p.m. Both Mr. A and his employer contribute 10% of basic salary to the pension scheme referred to in section 80CCD. Explain the tax treatment in

respect of such contribution in the hands of Mr. X.

SECTION 80 CCE RESTRICTION ON DEDUCTION

- Maximum deduction allowed under section 80C + 80CCC + 80CCD(1) shall be ₹1,50,000.
- Note: ER Contribution u/s 80CCD(2) and Additional Deduction u/s 80CCD(1B) is not covered u/s 80CCE. In other words, these are allowed separately to assessee

SECTION 80CCH DEDUCTION IN RESPECT OF CONTRIBUTION TO AGNIPATH SCHEME

1. Agnipath scheme is a Central Government scheme launched in 2022 for enrolment of Indian youth in the Indian Armed Forces
2. Each Agniveer is to contribute 30% of his monthly customized Agniveer Package to the individual's Agniveer Corpus Fund. Further, the Government will also contribute a matching amount to the 'Agniveer Corpus Fund
3. The Agniveer Corpus Fund means a fund in which consolidated contributions of all the Agniveers and matching contributions of the Central Government along with interest on both these contributions are held.
4. **Deduction**
 - a) **Assessee's own contribution Section 80CCH (1)**
Agniveer is eligible for contribution made to individual's Agniveer Corpus Fund.
 - b) **Contribution made by CG Section 80CCH (2)**
Central Government's contribution to the Agniveer Corpus Fund would be included in the salary of the assessee and then whole amount of contribution is allowed as a deduction.

SECTION 80 D DEDUCTION IN RESPECT OF FAMILY INSURANCE PREMIUM

1. **Assessee - Individual / HUF**
2. **Payment Made For –**
 - a) Health insurance premium
 - b) Contribution in Central Govt. Health Scheme
 - c) Preventive Health Checkup (PHC)
3. **Deduction**
 - i. **Self / Spouse/ dependant Children** - Amount paid Subject to max 25,000. (In case of Resident Senior Citizen max ₹ 50,000)
 - ii. **Parents (dependent / Not dependent)** - Amount paid Subject to max 25,000. (In case of Resident Senior Citizen max ₹ 50,000)
4. In case of Resident senior citizen, Deduction of ₹ 50,000 is allowed in case of medical expenditure even if no insurance premium is paid
5. Maximum Deduction for Preventive Health-Check up of Family & Parents is ₹ 5,000 which is included in overall limit of ₹25,000 / ₹ 50,000.
6. No Deduction is allowed for the payment of premium made in cash. PHC payment can

be made by any mode.

7. Where medical insurance is paid in lumpsum for more than 1 year, deduction shall be allowed for each PY as follows:

$$\text{Deduction per year} = \frac{\text{Lumpsum Premium}}{\text{PY for Which Insurance is Valid}}$$

Example 6

Mr. X (Age 62 Years –Resident) incurred following amounts

1. ₹30,000 on his Medical Treatment
2. ₹25,000 on medical insurance of his wife (age = 58years)
3. ₹35,000 on medical treatment of his father (age = 79 years and resident)
4. ₹26,000 on medical insurance of his mother (age = 79 years and resident)

Calculate deduction u/s 80D.

Example 7

Mr. X Incurred following exp. During PY 2024-25 . Calculate Deduction permissible from GTI.

- Medical insurance premium paid for self spouse & dependent child = ₹ 21,000
- Cont. to C.G. Health scheme on his own name = ₹ 1500
- Medical insurance of Father (70 Years) = 30,000 & Mother (59 Years) = 15,000
- Preventive health check up of Self = 4,000 & Parents = 3,000

Calculate deduction u/s 80D.

Example 8

Suppose in above e.g., Mrs. X Medical Treatment = 25,000

Illustration 7

Mr. X, aged 40 years, paid medical insurance premium of 18,000 by cheque during the P.Y. 2024–25 to insure his health as well as the health of his spouse. He also paid medical insurance premium of 26,000 by cheque during the year to insure the health of his father, aged 63 years, who is not dependent on him. He contributed 5,000 by cheque to Central Government Health Scheme during the year. He has incurred 3,000 in cash on preventive health check-up of himself and his spouse and 4,000 by cheque on preventive health check-up of his father. Compute the deduction allowable under section 80D for the A.Y. 2025–26.

Illustration 8

Mr. X, aged 40 years, paid medical insurance premium of 20,000 by cheque during the P.Y. 2024–25 to insure his health as well as the health of his spouse and dependent children. He also paid medical insurance premium of 51,000 by cheque during the year to insure the health of his father, aged 67 years, who is not dependent on him. He contributed 6,000 by cheque to Central Government Health Scheme during the year. Compute the deduction allowable under section 80D for the A.Y. 2025–26

Illustration 9 Mr. Arjun (52 years old) furnishes the following particulars in respect of the following payments:

Particulars	Amount
Premium paid for insuring the health of –	
Self	10,000
Spouse	8,000
Dependent son	4,000
Mother	18,000
Paid for Preventive Health Check-up of	
Himself	2,000
Spouse	1,500
Mother	4,000
Incurred medical expenditure of 25,000 and 15,000 for his mother, aged 80 years and father, aged 85 year .Both mother and father are resident in India.	

Compute the deduction available to Mr. Arjun under section 80D for the A.Y. 2025–26.

Illustration 10

Compute the eligible deduction under Chapter VI-A for the Assessment year 2025–26 of Ms. Roma, who has a gross total income of 15,00,000 for the previous year 2024–25 and provide the following information about his investments/payments during the financial year:

Particulars	Amount
Life Insurance premium paid (Policy taken on 01.01.2012 and sum assured is 1,50,000)	35,000
Public Provident Fund contribution.	90,000
Repayment of Housing loan to Bhartiya Mahila Bank, Bangalore.	20,000
Payment to L.I.C. Pension Fund	25,000
Mediclaime Policy taken for self, spouse and dependent children, premium paid by cheque	20,000
Medical Insurance premium paid for parents (Senior Citizen), premium paid by cheque	25,000

SECTION 80DD DEDUCTION IN RESPECT OF MAINTENANCE OF DISABLED DEPENDANT

1. **Assessee** - Resident Individual / HUF
 2. **Deduction** - ₹75,000 irrespective of the expenditure (₹ 1,25,000 in case of severe disability)
 3. **Dependant** -
 - a) **For Individual** - Spouse, children, parents, brothers and sisters who are dependent on the individual
 - b) **For HUF** - Any member of the Hindu Undivided Family
- Note: Assessee should incur expenses on medical treatment including nursing or

paid/deposited amount in LIC scheme for the maintenance of dependent disabled.

Illustration 11

Mr. X is a resident individual. He deposits a sum of 25,000 with Life Insurance Corporation every year for the maintenance of his handicapped grandfather. A copy of the certificate from the medical authority is submitted. Compute the Amount of deduction available under section 80DD

SECTION 80DDB MEDICAL TREATMENT OF SPECIFIED DISEASE

1. **Assessee** - Resident Individual / HUF
2. **Expenditure** - Treatment of disease specified in the rule 11DD
3. **Incurred On** –
 - a) **For Individual** – Self or a Dependent Spouse, children, parents, brothers and sisters
 - b) **For HUF**- Any member dependent on the Hindu Undivided Family
4. **Deduction** –
 - a) Amount incurred or ₹40,000 whichever is less.
 - b) For senior citizen - Amount incurred or ₹1,00,000 whichever is less.

SECTION 80E PAYMENT OF INTEREST ON LOAN TAKEN FOR HIGHER EDUCATION

1. **Assessee** – Individual
2. **Deduction** - Payment of interest on loan taken by him from any financial institutions for pursuing higher education (any course after class XIIth)
3. **Education of** - self or spouse or children or any person for whom the assessee is legal guardian
4. No deduction shall be allowed for repayment of the principal loan amount
5. Deduction is allowed for a maximum period of 8 years starting from the year in which first payment of interest was given

SECTION 80EE INTEREST ON LOAN TAKEN FOR CERTAIN HOUSE PROPERTY

1. **Assessee** – Individual
2. **Deduction** - Interest payable on loan taken from any financial institution for acquisition of a residential house property (Max deduction = ₹ 50,000).
3. **Conditions:**
 - a) Loan has been sanctioned during 1/4/2016 – 31/3/2017
 - b) Value of house should not exceed ₹ 50 Lakh.
 - c) Loan amount is upto ₹ 35 lakh
 - d) Assessee doesn't own any RHP on the date of loan sanction
4. Assessee shall claim deduction u/s 24(b) first and then remaining interest shall be allowed under this section.

Note: Loan should be taken from banks or financial institutions.

Illustration 12

Mr. A purchased a residential house property for self-occupation at a cost of 45 lakh on 01.04.2019, in respect of which he took a housing loan of 35 lakh from Bank of India @ 11% p.a. on the same date.

The loan was sanctioned on 28th March, 2019. Compute the eligible deduction in respect of interest on housing loan for A.Y. 2024–25 under the provisions of the Income-tax Act, 1961, assuming that the entire loan was outstanding as on 31.03.2025 and he does not own any other house property.

SECTION 80EEA INTEREST ON LOAN TAKEN FOR CERTAIN HOUSE PROPERTY

1. **Assessee** – Individual
2. **Deduction** - Interest payable on loan taken from any financial institution for acquisition of a residential house property (Max deduction = 1.5 Lacs).
3. **Conditions:**
 - a) Loan has been sanctioned during 1/4/19 – 31/3/22
 - b) SDV ≤ 45 Lakh.
 - c) Assessee doesn't own any RHP on the date of loan sanction
 - d) Assessee shall claim deduction u/s 24(b) first and then remaining interest shall be allowed under this section.

Note: Loan should be taken from banks or financial institutions.

Illustration 13

Mr X has taken a loan on 01.05.2024 from State Bank of India 40,00,000 @ 10% p.a. and purchased one house which is self-occupied. He has submitted a certificate confirming the Amount of interest. He repaid 2,00,000 on 01.03.2025 he don't have any other house. He paid municipal tax 30,000. He has income under the head salary 10,00,000. Compute his total income and tax liability.

What Will be your answer if it is let out @ 10,000 per month from 01.05.2024.

SECTION 80EEB INTEREST ON LOAN TAKEN FOR PURCHASE OF ELECTRIC VEHICLE

1. **Assessee** – Individual
2. **Deduction** - Interest payable on loan taken from any financial institution for purchase of electric vehicle (Max deduction = 1.5 Lacs).
3. **Conditions:** Loan has been sanctioned during 1/4/19 – 31/3/23
4. Deduction is allowed irrespective of fact whether e-vehicle is purchased for official or personal use.

Note: Loan should be taken from banks or financial institutions.

Illustration 14

The following are the particulars relating to Mr. A, Mr. B, Mr. C and Mr. D, salaried individuals for A.Y. 2025–26–

Particulars	Mr. A	Mr. B	Mr. C	Mr. D
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Amount of loan taken	43 lakhs	45 lakhs	20 lakhs	15 lakhs
Loan taken from	HFC	Deposit taking NBFC	Deposit taking NBFC	Public sector bank
Date of sanction of loan	01.03.2022	01.03.2022	01.04.2022	30.03.2021
Date of disbursement of loan	01.05.2022	01.05.2022	01.05.2022	01.05.2021
Purpose of loan	Acquisition of residential house property for self occupation	Acquisition of residential house property for self-occupation	Purchase of electric vehicle for personal use	Purchase of electric vehicle for personal use
Stamp duty value of house property	45 lakhs	48 lakhs	—	—
Cost of electric vehicle	—	—	22 lakhs	18 lakhs
Rate of interest	9%	9%	10% p.a	10% p.a

Compute the Amount of deduction, if any, allowable under the provisions of the Income-tax Act, 1961 for A.Y. 2025–26 in the hands of Mr. A, Mr. B, Mr. C and Mr. D. Assume that there has been no principal repayment upto 31/3/2025.

SECTION 80G DONATIONS TO CERTAIN FUNDS, CHARITABLE INSTITUTIONS ETC.

1. Deduction is available to all the assesses for donation made to eligible funds or institutions
2. Donations in kind shall not qualify for deduction.
3. No deduction shall be allowed in respect of donation of exceeding ₹ 2,000 unless such sum is paid by any mode other than cash.
4. Quantum of deduction:
There are four categories of deductions

Category 1: Donation qualifying for 100% deduction, without any qualifying limit

- (1) The National Defence Fund set up by the Central Government
- (2) Prime Minister's National Relief Fund.
- (3) Prime Minister's Armenia Earthquake Relief Fund
- (4) The National Children's Fund
- (5) The National Foundation for Communal Harmony
- (6) Approved University or educational institution of national eminence

- (7) Chief Minister's Earthquake Relief Fund, Maharashtra
- (8) Any Zila Saksharta Samiti
- (9) Any State Government Fund set up to provide medical relief to the poor
- (10) The Army Central Welfare Fund or Indian Naval Benevolent Fund or Air Force Central Welfare Fund established by the armed forces of the Union for the welfare of past and present members of such forces or their dependents.
- (11) The National Illness Assistance Fund
- (12) The Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund in respect of any State or Union Territory
- (13) The National Sports Fund set up by the Central Government
- (14) The National Cultural Fund set up by the Central Government
- (15) The Fund for Technology Development and Application set up by the Central Government
- (16) The Swachh Bharat Kosh
- (17) The Clean Ganga Fund
- (18) The National Fund for Control of Drug Abuse

Category 2: Donation qualifying for 50% deduction, without any qualifying limit
Prime Minister's Drought Relief Fund

Category 3: Donation qualifying for 100% deduction, subject to qualifying limit

- (1) The Government or to any approved local authority, institution or association for promotion of family planning
- (2) Sum paid by a company as donation to the Indian Olympic Association or any other association/institution established in India.

Category 4: Donation qualifying for 50% deduction, subject to qualifying limit.

- (1) Any Institution or Fund established in India for charitable purposes
- (2) The Government or any local authority for utilisation for any charitable purpose other than the purpose of promoting family planning
- (3) An authority constituted in India by or under any other law enacted either for dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or both
- (4) Any Corporation established by the Central Government or any State Government for promoting the interests of the members of a minority community.
- (5) for renovation or repair of Notified temple, mosque, gurdwara, church or any other similar place

Qualifying limit: The eligible donations referred to in category 3 and 4 should be aggregated and the sum total should be limited to 10% of the adjusted gross total income.

Adjusted Total Income Means GTI as reduced by LTCG (u/s 112/112A) & STCG u/s 111A & All Deductions except 80G

Example 9.

Following donations has been made

Category 1 : 1,00,000

Category 2 : 70,000

Category 3 : 90,000

Category 4 : 50,000

Qualifying limit = 1,70,000

Calculate deduction u/s 80G

Illustration 15

Mr. X, aged 62 years, earned professional income (computed) of 5,50,000 during the year ended 31.03.2025. He has earned interest of 14,500 on the saving bank account with State Bank of India during the year. Compute the total income of Mr. X for the assessment year 2025–26 from the following particulars:

- (i) Life insurance premium paid to Birla Sun life Insurance in cash Amounting to 25,000 for insurance of life of his dependent parents. The insurance policy was taken on 15.07.2023 and the sum assured on life of his dependent parents is 1,25,000.
- (ii) Life insurance premium of 25,000 paid for the insurance of life of his major son who is not dependent on him. The sum assured on life of his son is 1,75,000 and the life insurance policy was taken on 18.04.2011.
- (iii) Life insurance premium paid by cheque of 22,500 for insurance of his life. The insurance policy was taken on 08.09.2023 and the sum assured is 2,00,000.
- (iv) Premium of 16,000 paid by cheque for health insurance of self and his wife (8,000 for self and 8,000 for spouse).
- (v) 1,500 paid in cash for his health check-up and 4,500 paid in cheque for health checkup for his parents.
- (vi) Paid interest of 6,500 on loan taken from bank for MBA course pursued by his daughter.
- (vii) A sum of 15,000 donated in cash to an institution approved for purpose of section 80G for promoting family planning.
- (viii) Contribution 10,500 made in cheque to an electoral trust

Illustration 16

Mr. Shiva aged 58 years, has gross total income of 7,75,000 comprising of income from salary and house property. He has made the following payments and investments:

- (i) Premium paid to insure the life of her major daughter (policy taken on 01.04.2019) (Assured value 1,80,000) – 20,000.
- (ii) Medical Insurance premium for self – 12,000; Spouse –14,000.
- (iii) Donation to a public charitable institution registered under 80G 50,000 by way of cheque.
- (iv) LIC Pension Fund – 60,000.
- (v) Donation to National Children's Fund – 25,000 by way of cheque
- (vi) Donation to Jawaharlal Nehru Memorial Fund – 25,000 by way of cheque

- (vii) Donation to approved institution for promotion of family planning – 40,000 by way of cheque
- (viii) Deposit in PPF – 1,00,000

Compute the total income of Mr. Shiva for A.Y. 2025–26.

Illustration 17

Mr. X declares gross total income 4,00,000 for the assessment year 2025–26. The gross total income includes taxable long term capital gain 65,000 and short term capital gain 35,000 which is taxable @ 15% under section 111A of the Income-tax Act, 1961. The details of fund investment made during the year 2024–25 are:

- 1) Medical insurance premium paid by cheque – (a) in the name of Mr. X 4,000 (b) in name of MR. X 5,000
- 2) Contribution made to –
 - i) Indira Gandhi Memorial Trust by cheque 7,000
 - ii) Delhi University (declared as an institution of national eminence) by cheque 3,000
 - iii) Zila Saksharta Samiti by cheque 5,000
 - iv) An approved charitable institute by cheque 30,000
 - v) Government by cheque for the purpose of promoting family planning 10,000
 - vi) Hanuman Temple in Mohalla by cheque 20,000

Compute the total income of Mr. X chargeable to tax for the Assessment year 2025–26.

Illustration 18

Mr. Rohan, a resident individual has Gross Total Income of 7,50,000 comprising of Income from Salary and income from house property for the assessment year 2025–26. He provides the following information:

- 1) Paid 70,000 towards premium on life insurance policy of his Handicapped Son (Section 80U disability). Sum assured 4,00,000; and date of issue of policy 01.08.2020.
- 2) Deposited 90,000 in tax saver deposit in the name of his major son in State Bank of India.
- 3) Contributed by cheque 25,000 to The Clean Ganga Fund, set up by the Central Government.

Compute the Total Income and deduction under Chapter VI-A for the Assessment year 2025–26.

SECTION 80GG DEDUCTION IN CASE OF PAYMENT OF RENT

1. **Assessee** - Individual (Must Not be receiving HRA/RFAC)
2. **Deduction** – Lower of following shall be allowed as deduction:
 - a) ₹ 5,000 Per Month
 - b) Rent paid - 10% of Adjusted GTI
 - c) 25% of Adjusted GTI
3. **Adjusted GTI** Means GTI as reduced by LTCG (u/s 112/112A) & STCG u/s 111A & All Deductions except 80GG.

4. Other Conditions:

- Individual should not have any house in his name or spouse name or minor child name or in the name of HUF of which he is a member, at a place of his duty.
- Assessee may have house at any other place but it should not be self occupied i.e. it may be let out or vacant

Example 10

Anmol (Age 25Years) having Gross total income of ₹9,00,000 (Including LTCG of ₹2,00,000 and STCG u/s 111A of ₹50,000)

He is paying rent of ₹20,000 p.m.

Following deductions are available :-

- u/s 80C = 75,000
- u/s 80CCC = 25,000
- u/s 80D = 15,000
- u/s 80E = 70,000

Calculate Dep u/s 80GG & Total income.

Illustration 19

Mr. X has income under the head Business/Profession 5,00,000 and LTCG of 2,00,000, STCG u/s 111A 3,00,000 and casual income of 1,00,000. He is paying rent for a house of 40,000 p.m. He has deposited 30,000 in home loan account scheme of National Housing Bank. He has complied with all the condition of section 80GG. Compute income tax liability

SECTION 80GGB CONTRIBUTIONS TO POLITICAL PARTIES OR ELECTORAL TRUST

1. **Assessee** - Indian Company
2. **Deduction** – 100% of Amount Contributed

SECTION 80GGC CONTRIBUTIONS TO POLITICAL PARTIES OR ELECTORAL TRUST

1. **Assessee** – Any person other than Indian Company
2. **Deduction** – 100% of Amount Contributed

SECTION 80JJAA DEDUCTION IN CASE OF NEW EMPLOYMENT

1. **Assessee** - All Assessee's whose accounts are required to be audited u/s 44AB (i.e. TO > ₹ 1cr/10cr).
2. **Deduction** - 30% of additional employee cost incurred. Deduction is allowed for 3 assessment years including the assessment year in which such employment is provided.
3. **Conditions**
 - a) Emoluments should be paid through account payee cheque, an account payee bank draft or by use of electronic clearing system

- b) Additional employee” means an employee who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year.
- c) Additional EE does not include —
- (i) an employee whose total emoluments are more than ₹ 25,000 per month; or
 - (ii) an employee employed for a period of less than 240 days during PY (in case of business of manufacturing of apparel or footwear or leather products, 150 days shall be considered).
 - (iii) an employee who does not participate in the recognised provident fund.
4. If an EE is employed for less than 240/150 days as the case may be during the PY, but is employed for a period of 240/150 days or more in the immediately succeeding year, then he shall deemed to be employed in succeeding year and accordingly ER shall be entitled for deduction under this section for such EEs in the succeeding year.

Illustration 20

Mr. Satya is a manufacturer of household goods in a factory located in Navi Mumbai and commenced his business on 1st April 2022 and he employed 120 new work men during the previous year 2024–25 which included:

- a) 20 employee whose total emoluments paid @ 30,000 p.m. per employee
- b) 40 worker employed on 01st April, 2024
- c) 35 worker employed on 1st May, 2024
- d) 25 worker employed on 5th October, 2024

Compute the Deduction under Section 80JJAA, if available to Mr. Satya for Assessment year 2025–26, if wages are paid to each worker @ 3,000 per month. His profit from the manufacture of goods for Assessment year 2025–26 is 9.50 lakhs. The Assessee is liable to Audit his accounts. What will be your answer is assessee is engaged in manufacturing of leather products business

SECTION 80QQB ROYALTY INCOME, ETC., OF AUTHORS OF BOOKS OTHER THAN TEXT BOOKS

1. **Assessee** - Resident individual
2. **Deduction** – Royalty income or ₹3,00,000 whichever is less.
However, Royalty received in excess of 15% of the value of books sold during the previous year shall be ignored
3. **Royalty from Foreign Country:** Deduction allowed if Royalty brought to India in convertible foreign exchange within 6 Months from the end of previous year.

Example 11

Salary (Computed)	6,00,000
Royalty from fiction book (20% of value of Book)	4,00,000
Exp. Incurred to earn royalty	1,00,000
PPF Contribution	75,000
Medical Insurance	15,000

Calculate Deduction u/s 80QQB & Total Income

Illustration 21

Mr. X, a writer and a professional furnishes the following particulars for the previous year ended 31.03.2025:

- a) Royalty on books (eligible for deduction u/s 80QQB) 42,000
- b) Expenditure on books 8,000
- c) Income from profession 3,80,000
- d) Deposited in public provident fund (15.03.2021) 70,000

You are required to compute

- (i) Taxable income
- (ii) Tax payable for assessment year 2025–26.

SECTION 80RRB DEDUCTION IN RESPECT OF ROYALTY ON PATENTS

1. **Assessee** - Resident individual
2. **Deduction** – Royalty income or ₹3,00,000 whichever is less.
3. **Royalty from Foreign Country:** Deduction allowed if Royalty brought to India in convertible foreign exchange within 6 Months from the end of previous year.

SECTION 80TTA INTEREST ON DEPOSITS IN SAVINGS ACCOUNT

1. **Assessee** - Individual / HUF (other than senior citizen)
2. **Deduction** – Lower of Following is allowed as deduction
 - a) Interest Amount
 - b) ₹ 10,000
3. Interest income on saving bank accounts with any Bank/ Post Office is eligible for deduction under this section.
4. No deduction is allowed from interest on time deposit/ fixed deposit.

Note: As per section 10(15), Interest on Post Office Savings Bank Account to the extent of ₹3,500 per year shall be exempt from income tax and in the case of joint account, exemption shall be allowed upto ₹7,000 per year.

SECTION 80TTB INTEREST ON DEPOSITS IN CASE OF SENIOR CITIZENS

1. **Assessee** - Senior citizen
2. **Deduction** – Lower of Following is allowed as deduction
 - a) Interest Amount
 - b) ₹ 50,000
3. Interest income on Saving, fixed, time, recurring or any other deposit is eligible for deduction under this section.

Example 12

Income Under head House Property (Computed) 6,00,000

Post Office Savings A/c interest 15,000

Saving A/c with Bank-Interest 10,000

FD Interest 25,000

Recurring Deposit interest 10,000

Calculate Taxable income under old Regime of Mr. X , who is a resident individual of age 65Years

SECTION 80U DEDUCTION FOR HANDICAPPED ASSESSEE

1. **Assessee** – Resident Individual
2. **Deduction** – ₹ 75,000 (₹ 1,25,000 for severe Disability)

SECTION 10AA DEDUCTION IN RESPECT OF SEZ UNIT

- 1) In computing the total income of an undertaking which begins to manufacture or produce articles or things or computer software in SEZ unit.
- 2) Deduction shall be allowed only if SEZ unit has received approval up to 31/03/2020 and manufacturing is commenced up to 31/03/2021
- 3) Deduction u/s 10AA shall be allowed as follows:
 - a) For the first 5 years -100% of export profit
 - b) For the next 5 years -50% of export profit
 - c) For the next 5 years lower of the following :-
 - i) 50% of export profit or
 - ii) Amount credited in Re-investment allowance reserve A/c
- 2) Export profit = (Profit of SEZ unit x Export turnover) ÷ Total turnover
- 3) Export turnover means consideration received in India in convertible foreign exchange within 6 months from end of previous year.
- 4) Export turnover does not include freight, insurance, telecommunication charges or other expenses for providing services outside India.
- 5) Above mentioned expenses shall also be excluded from total turnover.
- 6) Deduction u/s 10AA shall be allowed only under old regime.
- 7) Deduction under this section shall be allowed after claiming all the deduction u/s 80c-80u from GTI
- 8) P&M used in the business should be new, except:
 - a) 20% of total value of P&M used in the undertaking can be second hand.
 - b) P&M imported from outside India for the first time shall be treated as New P&M.

Example 13

Compute deduction u/s 10AA if usiness Commenced in SEZ 6 Yrs ago.

Total turnover of SEZ Unit	=	100 lakhs
Export turnover of SEZ Unit	=	75 lakhs
Profit of SEZ Unit	=	15 lakhs

Illustration 22

Krishna furnishes the following particulars for the previous year 2024-25 in respect of an industrial undertaking established in “Special Economic Zone” during the financial year 2019-20.

Particulars	Amount
Total sales	85,00,000
Export sales	55,00,000
Domestic sales	30,00,000
Money received in or brought to India in convertible foreign exchange up to 30-09-2025	40,00,000
Profit from the above undertaking	10,00,000

Total Sales includes freight of 5 lacs for delivery of goods outside India. Compute the amount of deduction available to Mr. Krishna under section 10AA for PY 2024-25

Illustration 23

Mrs. Vibha Gupta, a resident individual is running a SEZ unit, as well as a unit in Domestic Tariff Area (DTA). She furnishes the following details relating to the year ended 31-3-2025, pertaining to these two units (in lakhs)

Particulars	DTA Unit (₹)	SEZ Unit (₹)
Export turnover	100	1000
Total turnover	400	1100
Net profit	50	220

Compute the deduction available u/s 10AA:

- 1) When the SEZ unit had been set up on 12-3-2022
- 2) When the SEZ unit had been set up on 12-3-2021