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PERMISSIBLE DEDUCTIONS TO BE MADE IN COMPUTING TOTAL INCOME (SECTIONS 80C to 80U)

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(Teaching plan)

(1) ~~Deduction in respect of life insurance premium, deferred annuity, contribution to P.F. etc (80C)~~ → Refer to the back.

(1.A) Deduction in respect of pension fund (80CCC):

Refer to the backside of page no 2, 3 & page no 3 (1.B) & (1.C) & (1.D) B.Com(P)

Deduction upto Rs 150,000 is available to an individual assessee, in respect of amount deposited under an annuity plan of LIC or any other insurer for receiving pension.

Payment of medical insurance premium (80D):

Deduction upto Rs 25,000 p.a. (Rs 50,000 in the case of the insured, who is at least 60 years old), is available to an individual or H.U.F.

(3) Medical treatment (or maintenance) of handicapped dependents (80DD):

Deduction of Rs 75,000 is available to resident individual or H.U.F (Rs 1,25,000 if the dependent is a person having any disability of specified diseases severe)

(4) Deduction in respect of medical treatment under section (80DDB):

Deduction upto Rs 40,000 (Rs 1,00,000 in the case of an individual who is at least ~~senior citizen or the expenditure actually incurred (whichever is less) or Rs 80,000 in the case of~~ 60 years old) is available to a resident individual assessee or to a resident H.U.F. In case, any amount is received from the insurance company for the treatment of the concerned person, then the amount so received will be deducted from Rs 40,000 ~~or Rs 80,000~~ or Rs 1,00,000, as the case may be.

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(5) Payment of interest on loan taken for higher studies (80E)

Deduction is available to an individual assessee in respect of ~~repayment~~ payment of interest on loan ~~taken~~ taken for higher studies, ~~upto a maximum of Rs 5,000~~. Such deduction is available for a maximum of 8 A.Y. or till the interest is ... **

** liquidated, whichever is earlier.

(5.A) → Refer to the backside

(5A) ~~Deduct~~ Refer to the backside of page no (2).

(6) Donations to charitable institutions and funds (80G):

Deduction is calculated under the following 3 steps:

(i) Gross qualifying amount
i.e. sum total of (a) to z.g

(ii) Net qualifying amount
i.e. sum total of the following:

(A) (a) to (u), (z), (zb), (zc), (zd), (ze), (zf) and (zg)

(B) (v) to (zb), subject to a maximum limit of 10% of gross total income as reduced by the following:

(i) Deductions u/s 80C to 80U, except 80G itself.

(ii) Long-term capital gains

(iii) STCG taxable u/s 111A @ 15% (plus surcharge plus education cess)

(iv) Incomes on which tax is not payable

(iii) Amount of deduction i.e. (x)

(x) (i) 100% of a, d, e, f, g, h to u, z, zb, zc, zd, ze, zf, zg
(ii) 50% of the remaining amounts

(7) Payment of rent (Sec 80GG):

Deduction is available to a self-employed person or a salaried person who is not in receipt of any H.R.A. provided he or his spouse or minor child or H.U.F. of which he is a member, does not own any house at the place where he resides or performs his job or business. The amount of deduction is the lowest of the following:

(a) Rs 5,000 p.m., or

(b) 25% of total income (calculated after making all deductions u/s 80C to 80U except 80GG itself, and after excluding LTCG as well as STCG taxable u/s 111A @ 15%) and income u/s 115A

(c) Excess of rent paid over 10% of total income (i.e. the same as referred to above)

(8) Donations for scientific research or rural development (80GGA):

Deduction under this section is available to an assessee without having any business income or professional income to the extent such donations made.

However any contribution exceeding Rs 10000 made in cash is not eligible.

(8A) Deduction in respect of contribution given to political parties (80GGB & 80GGC): Any sum contributed by any assessee, except a local authority and every artificial juridical person wholly or partly funded by the Govt., shall be allowed from the A.Y. 2010-11; no deduction shall be allowed in respect of any sum contributed by way of cash.

(9)

Sections 80-IAB, ~~80 IB~~, 80IC, 80ID, 80IE (Refer to the book)

Sections 80 JJA, 80 JJAA (Refer to the book)

80IAC, 80IBA

Deduction in ~~respect~~ of interest on certain securities, investments etc. (Sec. 80 L)

Deduction is available to an individual assessee or H.U.F., in respect of incomes derived from certain specified investments. The amount of deduction under this section is calculated as follows:

(i) General deduction → Rs 12,000

(ii) Special deduction in respect of interest on units of govt. securities → Rs 3000

(9A) Deduction in respect of certain incomes of offshore banking units (Sec. 80LA) (Refer to book)

(9.B) ~~Deduction in respect of inter-corporate dividend (Sec. 80M)~~

Deduction in respect of royalty, fees commission etc. received from foreign enterprises or foreign government (in exchange of any patent, invention, secret formula, — information etc.), under Section 80 O

An assessee, being a resident person or an Indian company, can claim deduction of ~~30~~ 10 % of such income as is brought into India in convertible foreign exchange, within 6 months from the end of the relevant previous year or within such extended period as may be allowed by the Commissioner of income tax.

(10.A) Deduction in respect of income of a cooperative society (Sec. 80P) (Refer to book)

Remuneration received by teachers and professors from foreign sources (Sec. 80 R)

The amount of deduction is ~~15~~ 45 %. of such income as is - - - - - - - - - - - - income tax.

(10.B) Deduction in respect of royalty income of authors (Sec. 80QQB)

Where the gross total income of a resident individual includes royalty or copyright fees in respect of books of literary, artistic or scientific nature, the deduction to be allowed is equal to (i) Rs 3,00,000; or (ii) income stated, whichever is less.

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12. Professional income from foreign sources (80 RR)

A resident individual being author, playwright, artist, musician, actor or sportsman deriving professional income from foreign sources, can claim deduction under this section. The amount of deduction is 15% ~~45%~~ of such income as is ...... income tax.

13. Remuneration received for services rendered outside India (Sec. 80 RRA)

Deduction can be claimed by an Indian national (being a Central or State government employee sponsored by the respective government, or being a technician) receiving remuneration in foreign currency from any employer for any service rendered by him outside India. The amount of deduction is 15 ~~45~~% of such income as is .... income tax.

13.A Deduction in respect of royalty on patents (Sec. 80 RRB)

Deduction is allowed to a resident individual on his royalty income received in respect of patent to the extent of the lower of the following amounts: (i) Rs 3,00,000; (ii) Income stated.

(14) Deduction in respect of interest on deposits in savings accounts (Sec. 80TTA)

Refer to page no. 3

15. Income of blind and handicapped persons (80 U)

A resident individual who is ~~totally~~ blind or suffers from a permanent physical disability or is subject to mental retardation, to the extent of 40% or more of such disability, is entitled to a ~~deduction~~ of deduction of Rs 75000 under this section. A higher deduction of Rs 1,25,000 is allowed in the case of any disability over 80%.

(1.B) Deduction in respect of contribution to pension scheme of Central Govt. (Sec. 80CCD)

Any such contribution made by a Central Government employee (employed on or after 1st January, 2004) is deductible, but maximum upto 10% of his salary (i.e. Basic pay plus D.A. if it is forming a part of employee's salary), or Rs 15000 whichever is less. Similarly the contribution made by the Central Government to the stated scheme is also deductible in the employee's hands, but not exceeding 10% of the employee's salary.

(1)(c) **Deduction in respect of subscription to long-term infrastructure bonds (80 CCF)**

An individual or HUF can claim a deduction of the whole amount paid or deposited as subscription to notified long-term infrastructure bonds. Deduction under this section is available only for the assessment years 2011-12 and 2012-13, and the quantum of deduction can not exceed Rs 20,000. This deduction is over and above the existing overall limit of deduction on savings of upto Rs 1,00,000 under Sections 80 C, 80 CCC and 80 CCD.

(1.D) **Deduction in respect of investment made under any equity saving scheme (Sec 80CCG)**

Where a resident individual with gross total income not exceeding ~~Rs 10,00,000~~ (Rs 12,00,000 from the A.Y. 2014-15) has acquired listed shares (or listed units ~~from the A.Y. 2014-15~~) with a lock-in period of 3 years from the date of acquisition, in accordance with a notified scheme, he can claim a one-time deduction for the A.Y. to the extent of 50 per cent of the amount invested ~~during the P.Y. 2012-13~~ or Rs 25,000, whichever is less.

However, with effect from the A.Y. 2014-15, deduction can be claimed by a resident individual for 3 consecutive assessment years, beginning with the A.Y. relevant to the P.Y. in which the listed equity shares or listed units of equity oriented fund are first acquired.

(14) **Deduction in respect of interest on deposits in savings accounts (Sec. 80TTA)**

A deduction upto Rs 10,000 in aggregate is allowed to an individual assessee or a HUF in respect of any income by way of interest on deposits (not being time deposits) in a saving account with —

(a) a Banking company;

P.T.O

(b) a Cooperative Society engaged in carrying on the business of banking; and 6 copies

(c) a Post Office

(15) (5·A) <u>Deduction in respect of interest on loan taken for residential house property (Section 80EE)</u>

Deduction under this section is available to an individual assessee in respect of interest on loan taken from a financial institution i.e. a bank or a house financed company during the financial year 2019-20 provided the loan amount does not exceed Rs 35 lakh, and the value of residential house property does not exceed Rs 50 lakh. If the above conditions are satisfied, interest payable for 2019-20 will be deductible upto a maximum of Rs 150000. If ~~however, the interest amount~~ payable for 2013-14 is less than ~~Rs~~ 100000, ~~the balance amount will be allowed as~~ deduction ~~during the previous year 2014-15~~. If interest is allowed as deduction under section 80EE, the same interest amount is not deductible under any other provision of the Act for the same or any other assessment year.

~~(5·B)~~

(15) <u>Deduction in respect of interest on deposits in case of senior citizens (Section 80TTB)</u>

→ Refer to the book.

(5·B) <u>Deduction in respect of interest on loan taken for certain house property (Sec. 80EEA)</u>

→ Refer to the book.

(5·C) <u>Deduction in respect of interest on loan taken for purchase of electric vehicle (Sec. 80EEB)</u>

→ Refer to the book.

QUESTIONS

195-E1

X (27 years) is a salaried employee of a public sector company in Delhi. He gets the following emoluments from his employer during the previous year ~~2012-13~~ 2019-20:

Basic pay Rs 196000, dearness pay Rs 64800, bonus and commission Rs 22200, house rent allowance Rs 13600, and employer's contribution to provident fund Rs 23920. Besides, the employer provides a free motor car (1098 cc) for official and personal use of X and provides holiday home facility at Shimla. The employer incurred an expenditure of Rs 15,000 on providing the holiday home facility. During ~~2012-13~~ 2019-20, the employer has sold a fridge to X for Rs 1500 (cost of the fridge to the employer when purchased in 1998 Rs 20,000).

X owns a small house in Delhi since 1990 which is used by him for his own residence. Municipal valuation of the house property is Rs 12000 whereas its standard rent is Rs 16,000. During the previous year, he pays repairs expenditure of Rs 1,600 and interest (capital borrowed for acquiring house) of Rs 75800.

Besides, he has received Rs 22,500 (gross) as interest from a bank and Rs 39970 as dividend from a foreign company. He has withdrawn Rs 114200 from the National Savings Scheme, 1987, which include interest of Rs 18,000. He has received a gift of Rs 200,000 from a friend on August 3, ~~2012~~ 2019 and Rs 60,000 from Mrs. X on March 1, ~~2013~~ 2020.

Determine the net income and tax liability of X for the assessment year ~~2013-14~~ 2020-21 on the assumption that he contributes Rs 40,000 towards R.P.F. and deposits Rs 6,500 in the National Savings Certificates.

(Rs 5,74,270
& Rs ~~10,320~~ 28,450)

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