

Chapter Name :- Deductions under Chapter VI - A

Sections to be covered in this Chapter :-



- Section 80C :- Deduction w.r.t. Certain Specified Payments/Investments
- Section 80CCC :- Deduction w.r.t. Contribution made to Notified Pension Funds
- Section 80CCD :- Deduction w.r.t. Contributions made to Notified Pension Scheme (NPS) of the CG
- Section 80CCE :- Overall limit on deductions w/s 80C, 80CCC & 80CCD (1)
- Section 80D :- Deduction w.r.t. Medical Insurance Premium etc.
- Section 80DD :- Deduction w.r.t. Expenditure incurred on Handicap Dependent Relative (HDR)
- Section 80DDDB :- Deduction w.r.t. Expenditure incurred on treatment of Specified Diseases
- Section 80E :- Deduction w.r.t. Interest on Higher Education Loan
- Section 80EE :- Deduction w.r.t. Interest on Housing loan taken during PY 16-17
- Section 80EEA :- Deduction w.r.t. Interest on Housing loan taken during PY 19-20 to PY 21-22
- Section 80EEB :- Deduction w.r.t. Interest on loan taken to purchase electric vehicles
- Section 80G :- Deduction w.r.t. Donations/Contributions made to Notified Institutions
- Section 80GG :- Deduction w.r.t. Rent paid in respect of housing accommodation

- Section 80GGA :- Deduction w.r.t. Donation/Contributions made to approved research associations as notified u/s 35 or 35CCA
- Section 80GGB } Deduction w.r.t. Donation/Contributions made to Political Parties or
- Section 80GGC } Electoral Trust
- Section 80JJAA :- Deduction w.r.t. Additional Employee Cost on employment of Additional (New) Employees
- Section 80QQB :- Deduction w.r.t. Royalty Income of Authors
- Section 80RRB :- Deduction w.r.t. Royalty on Patents
- Section 80TTA :- Deduction w.r.t. Interest on Savings Deposit A/c
- Section 80TTB :- Deduction w.r.t. Interest on Deposit A/cs held by Senior Citizen
- Section 80U :- Deduction available to Handicap Assesseees

Deductions under chapter - VI - A



(Section 80C to 80U)



- * Deductions under chapter VI - A shall be available from Gross Total Income only.
- * Deductions under chapter VI - A shall not be available to be claimed from the following incomes :-
 - (a) STCG covered u/s 111-A;
 - (b) LTCG covered u/s 112 and 112A;
 - (c) Winnings Income covered u/s 115BB;
 - (d) Unexplained incomes covered u/s 115BBE;
 - (e) Certain incomes of non-residents covered u/s 115A, 115AB, 115AC, 115ACA, 115AD, 115BBA, 115D etc. (to be studied in eA final)

* Aggregate Amount of deductions under chapter VI-A cannot exceed the amount of Gross Total Income.

In other words :-

- Deductions u/s 80C to 80U > Gross Total Income (X)
- Deductions u/s 80C to 80U \leq Gross Total Income (✓)

* Salaries (+) House Property (+) PGBP Income (+)
Capital Gains (+) Income from other sources
(As adjusted by clubbing & set-off Provisions) } = Gross Total Income = XX

Special Incomes i.e. LTCG,
STCG u/s 111A, winning etc. = XX

Balance GTI = XX

less:- Deductions u/s 80C to 80U

Not Available = (Nil)
XX

Available = (XX)
XX

Total Income

XX

Section 80C :- Deduction w.r.t. Certain Specified Payments / Investments

→ Eligible Assessee

- Individuals & HUFs (✓)
- Any Other Person (✗)

→ Deduction u/s 80C shall be least of the following :-

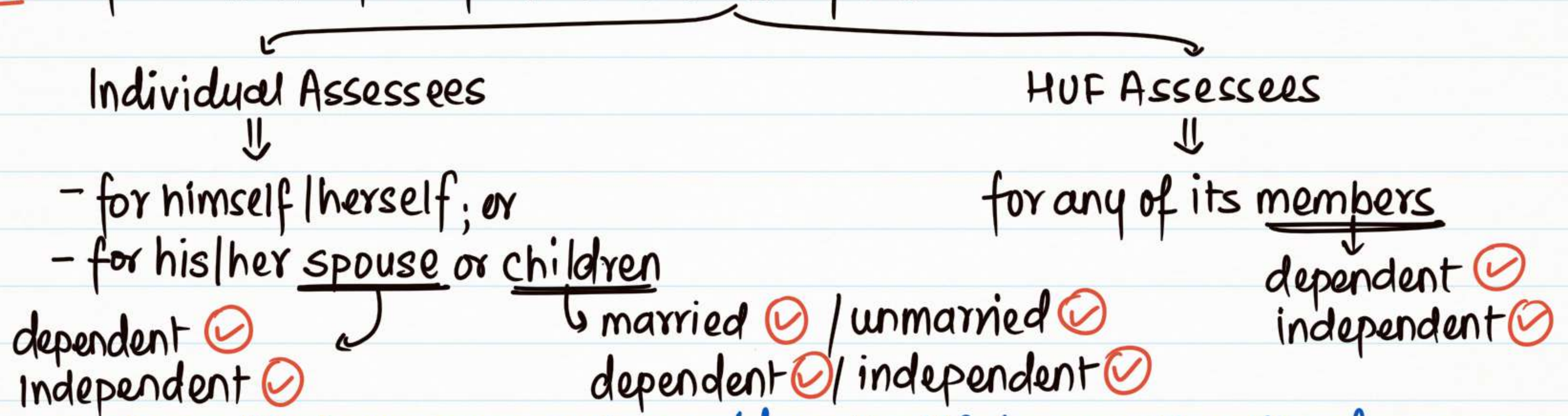
- (a) Aggregate of * Specified Payments / Investments = XX
- OR
- (b) Maximum Amount of Deduction u/s 80C = ₹1,50,000

Note :- Deduction u/s 80C, computed as above, shall be further subjected to the overall limit as specified u/s 80CCE.

* Specified Payments / Investments :-

- ① Life insurance premium paid to effect (take) or keep in force (renew) a life insurance policy.

Note 1 :- Life Insurance policy must be taken by the



* Hence, life insurance premium paid on the life insurance policy of any person other than the above persons, shall not qualify for deduction u/s 80C i.e. the same needs to be ignored.

Note 2 :- life insurance premium can be paid by way of any mode including cash.

Note 3 :- life insurance premium of the assessee or his/her spouse or children paid by such assessee's employer shall be treated as a taxable perquisite in the hands of such assessee and such premium shall also be eligible for deduction u/s 80C.

- #Note 4:- Life insurance premium shall be eligible for deduction u/s 80C to the extent of:-
- * **Max 20%** of capital sum assured → If the policy is taken between **01.04.2003 to 31.03.2012**
 - * **Max. 10%** of capital sum assured → If the policy is taken between **01.04.2012 to 31.03.2013**
 - * **Max. 10%** of capital sum assured → If the policy is taken on or after **01.04.2013** for a person who **does not suffer** with a disability as specified u/s 80U or a disease specified u/s 80DDB.
 - * **Max. 15%** of capital sum assured → If the policy is taken on or after **01.04.2013** for a person who **is suffering** with a disability as specified u/s 80U or a disease specified u/s 80DDB.

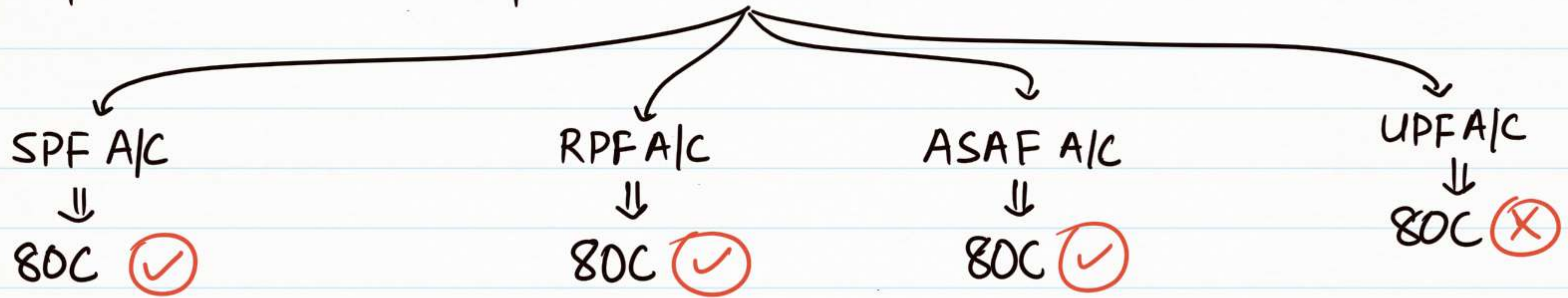
Hence, the life insurance premium paid in excess of above limits shall not be eligible for deduction u/s 80C and such excess needs to be ignored.

Note 5:- If the life insurance policy is terminated or discontinued within 2 years from the date of its commencement or before the premiums for 2 years have been paid, then, the aggregate amount of deduction u/s 80C in respect of premium on such policy granted in the past years shall be deemed to be the income of the PY in which such policy is terminated or discontinued, as the case may be.

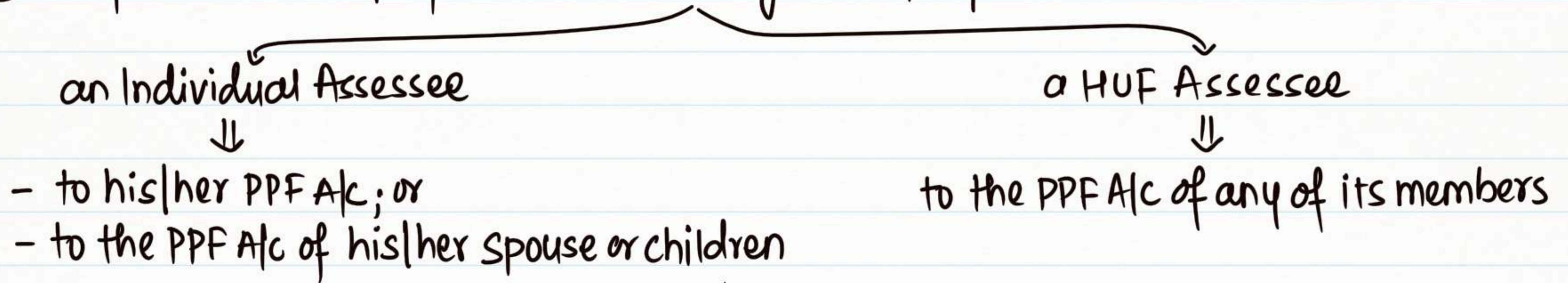
- ② Any payment in respect of non-commutable deferred annuity plan by an Individual assessee for himself/herself or for his/her spouse or children.
- ③ Any sum deducted from the salary of an Individual assessee, being a government employee towards deferred annuity plan for making provision for the benefit of himself/herself or for his/her spouse or children. (to the extent of maximum $\frac{1}{5}^{\text{th}}$ of salary)
- ④ Deposit made by an Individual assessee in Sukanya Samriddhi A/c opened in the name of his/her girl child or any girl child for whom he/she is a legal guardian.

Note:- Interest on Sukanya Samriddhi A/c → Fully Exempt u/s 10(11A).

⑤ Any contribution made by an Individual assessee towards his/her :-



⑥ Any contribution/Deposit made during the PY by :-



Note 1 :- Max. Contribution per PPF A/c = ₹1,50,000 p.a.

Note 2 :- Interest on PPF A/c and amount recd. on maturity - Fully Exempt u/s 10(11)

⑦ Any contribution/deposit/subscription by an Individual/HUF to :-

(a) National Savings Scheme (NSS)

(b) National Savings Certificate (NSC)

Note :- Accrued Interest on NSC

→ Taxable under the head "IFOS" ✓

→ Deduction u/s 80C ✓

(c) Notified Schemes of National Housing Bank (NHB)

(d) Notified Bonds of National Bank for Agricultural & Rural Development (NABARD)

⑧ Any contribution/subscription to Unit Linked Insurance Plans (ULIPs) of UTI or LIC mutual Fund

by an Individual assessee



- for himself/herself; or

- for his/her spouse & children

by a HUF assessee



for any of its members

Note :- If the assessee ceases to participate in the ULIPs due to non-payment within 5 years; then, the aggregate deduction allowed earlier u/s 80C in respect of such contribution shall be deemed to be the income of the PY in which the ULIP is terminated.

⑨ Any sum paid by an Individual/HUF to acquire the notified units of UTI or any Mutual Fund
Note :- Units of UTI or Mutual Fund issued under the Equity Linked Savings Scheme (ELSS) are notified in this regard.

⑩ Any contribution/subscription by an Individual assessee to the notified pension fund of the UTI or any mutual fund.

⑪ Any contribution/subscription to notified annuity/pension plans of LIC or any other approved insurer by an Individual/HUF.

Note :- LIC's Jeevan Dhara and Jeevan Akshay Plans have been notified for the purpose of section 80C deduction.

⑫ Subscription by an Individual/HUF towards notified deposit schemes of :-
(a) any public sector company engaged in providing long-term finance for purchase/construction of residential houses (For example LIC Housing Finance Ltd.); or
(b) any authority constituted in India for infrastructural development of cities/towns/villages or for dealing with or satisfying the needs for housing accommodation (For example State Housing Boards and Infrastructure development authorities).

⑬ Subscription by an Individual / HUF to :-

Equity shares or Debentures of any public Ltd. company forming part of an eligible issue of capital & approved by the CBDT in this regard.

Notified units of any Mutual Fund forming part of an eligible issue & approved by the CBDT in this regard.

Note:- If the above equity shares / debentures / units are transferred within a period of 3 years from the date of their acquisition; then, the amount of deduction allowed u/s 80C earlier on making such subscription, shall be deemed to be the income of the PY in which such equity shares / debentures / units are transferred.

⑭ Any deposit made by the assessee in the Senior Citizen Savings Scheme (SCSS), 2004 or Post-office Time Deposit (POTD) A/c.

Note:- If any sum is withdrawn out of the SCSS or POTD A/c (including accrued interest thereon) before the expiry of 5 years from the date of deposit; then, the amount so withdrawn shall be deemed to be the income of the PY in which the same is withdrawn. However, if such amount is received by the nominee / legal heir on the death of assessee, then such amount shall not be taxable for the recipient.

(15) Any sum deposited by the assessee in a term deposit (i.e. FD) A/c for a minimum period of 5 years with any scheduled bank.

Note 1:- In case of such term deposit is jointly held; then, the deduction u/s 80C shall be allowed only to the first holder of such deposit.

Note 2:- If the term deposit in respect of which deduction u/s 80C was claimed is withdrawn or kept as a security before its maturity; then, the deduction allowed u/s 80C in respect of such deposit shall be deemed to be the income of the PY in which such deposit is so withdrawn or kept as a security.

(16) Payment of tuition fees to any school, college, university or any other educational institution within India for full time education of any 2 children of the individual.

Note 1:- Any payment in the nature of development fees or donation or any other payment of similar nature shall not be eligible for deduction u/s 80C i.e. the same needs to be ignored.

Note 2:- Tuition fees paid to any school, college or university outside India shall not be eligible for deduction u/s 80C i.e. the same needs to be ignored.

(17) Any payment towards the cost of purchase or construction of a residential house property which is assessed under the head "IHP" by an Individual or HUF assessee.

Note 1:- In order to be eligible for deduction u/s 80C; the cost of purchase/construction of the residential house property shall be paid in the following manner :-

- (a) as a part payment or instalment under a house building scheme of any authority or any builder; under which such property is allotted to the assessee; or
- (b) as repayment of amount borrowed (i.e. loan) taken for such purchase/construction
- (c) in the form of stamp duty, registration fees or other charges for the purpose of transfer of such residential house property to the assessee.

Note 2:- Repayment of capital borrowed (i.e. loan) for purchase/construction of residential house property shall be made to :-

- (a) the CG or SG; or
- (b) any bank or co-op. bank; or
- (c) the LIC of India; or
- (d) the National Housing Bank (NHB); or
- (e) any Indian public co. or co-op. soc. engaged in the business of providing long-term finance for the purpose of purchase/construction of residential houses; or
- (f) Employer of the assessee being any public ltd. co. or a public sector co. or a co-op. soc. or a local authority or any university or a college affiliated to such university or any authority/board/corporation/other body established under any law.

Note 3:- Following amounts shall not qualify for deduction u/s 80C:-

- (a) Admission fees, Initial deposit, cost of shares etc. payable by the assessee for becoming a member/shareholder to participate in the house building scheme of any authority or a builder
- (b) Cost of any addition/alteration/repairs/renovation to the residential house property
- (c) Expenditure for which deduction is allowable u/s 24 i.e. interest on capital borrowed for the purpose of purchase/construction of residential house property.

Note 4:- If the residential house property whose cost of purchase/construction was allowed as deduction u/s 80C is transferred before the expiry of 5 years from the date of its acquisition/construction; then, no deduction u/s 80C shall be allowed in the year of its transfer in respect of cost of purchase/construction paid during that PY. Further, the aggregate amount of deduction claimed u/s 80C in respect of cost of purchase or construction paid in the earlier PYs for such property shall be deemed to be the income of the PY in which such property is transferred.

⑮ Contribution by an CG employee to the Specified/Additional/Tier-II A/c of NPS

Note:- With effect from the AY 2020-21; any contribution by an individual assessee being an employee of the Central Govt. to the specified / Additional / Tier-II A/c of the NPS for a fixed period of 3 years or more in accordance with the scheme notified by the CG in this regard; shall be allowed as a deduction u/s 80C as the same does not qualify for deduction u/s 80CCD.

* Contribution to the Notified Pension Scheme (NPS) of the CG

in Tier-I A/c



Deduction u/s 80CCD(1)/(1B) ✓



available to any individual assessee; whether he/she is an individual employee or a self-employed individual

in Tier-II A/c



Deduction u/s 80CCD(1)/(1B) ✗

∴ Deduction u/s 80C ✓



available only to an individual assessee being the employee of the CG

Section 80CCC :- Deduction w.r.t. Contribution made to Notified Pension Funds :-

→ Eligible Assessee

- Individual (RINR) ✓
- Any Other Person ✗

→ Deduction u/s 80CCC shall be least of the following :-

- (a) Amount Contributed by the assessee in the Pension Fund = XX
- OR
- (b) Maximum Amount of Deduction u/s 80CCC = ₹1,50,000

Note 1 :- Deduction u/s 80CCC shall be further subjected to overall maximum limit as prescribed u/s 80CCE.

Note 2 :- Assessee must contribute in the notified pension fund of

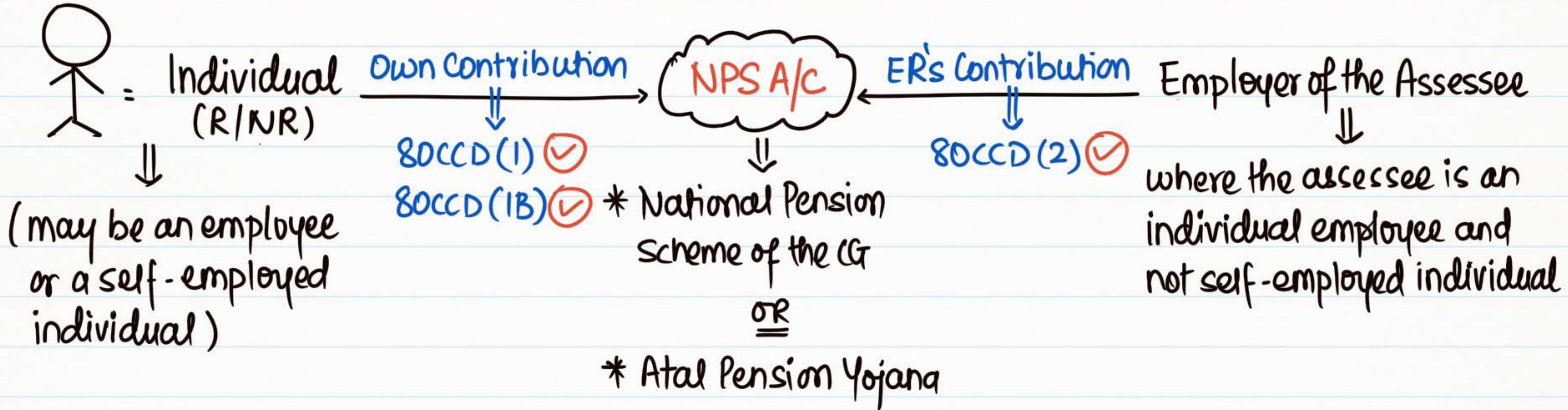
- Life Insurance Corporation (LIC) ✓
- Any other Approved Insurer ✓

- # Note 3:- Contribution to notified pension fund of LIC/Other Approved insurer must be for the assessee himself/herself.
- # Note 4:- Contribution to notified pension fund of LIC/Other Approved insurer must be made out of the taxable income of the assessee and not out of the exempt income.
- # Note 5:- Any interest/bonus accrued or credited to such pension fund of the assessee shall not be treated as contribution made by the assessee to such pension fund and hence, the same would not be eligible for deduction u/s 80CCC.
- # Note 6:- If the assessee or his/her nominee receives any amount (including bonus or interest) on surrender of annuity before its maturity; then, the amount so received shall be taxable in the year of receipt in the hands of such assessee or nominee, as the case may be under the head "IFOs".
- # Note 7:- Further, any pension/annuity out of such pension fund after the maturity of annuity shall also be taxable in the year of receipt for the recipient under the head "IFOs".
- # Note 8:- Amount claimed as deduction u/s 80CCC shall not be allowed as deduction u/s 80C & vice-versa.

Section 80CCD :- Deduction w.r.t. Contributions to Notified Pension Scheme (NPS) of the CG :-

Diagram to understand the Concept

Assessee



Assessee's Own Contribution to his NPS A/c :-

If the assessee is an Individual Employee



Deduction u/s 80CCD(1) shall be least of the following :-

(a) Amount of own contribution

to the NPS A/c = XX

OR

(b) Maximum 10% of Salary = XX

↳ (Basic + DA in terms)

If the assessee is a Self-employed individual



Deduction u/s 80CCD(1) shall be least of the following :-

(a) Amount of own contribution

to the NPS A/c = XX

OR

(b) Maximum 20% of GTI = XX

Note 1:- Deduction u/s 80CCD(1) shall be further subjected to the overall limit prescribed u/s 80CCE.

Note 2:- Assessee's own contribution to his/her NPS A/c can further be claimed as deduction u/s 80CCD(1B) subject to an additional maximum limit of ₹ 50,000.
Further, the deduction u/s 80CCD(1B) shall not be subjected to the overall limit as prescribed u/s 80CCE.

Employer's Contribution to the NPS A/c of the Assessee (i.e. Individual Employee) :-

Tax treatment in the hands of the Assessee (i.e. Individual Employee)

Tax treatment in the hands of the Employer

Fully Taxable under the head "Salaries"

and Deduction u/s 80CCD(2) ✓

Deduction u/s 36(1)(iva) under the head "PGBP" ✓

Same Amount

Amount of Deduction u/s 80CCD(2) shall be least of the following :-
(a) Amount contributed by the Employer to the NPS A/c = XX

Such deduction shall be allowed to the extent of Maximum 10% of Employee's Salary
(Basic + DA in terms)

OR
(b) Maximum 10% of Salary = XX
(Basic + DA in terms)

(b) Maximum 14% of salary = XX (in the case of employees of the CG)

Note :- Amount standing to the credit of the assessee in the NPS A/c including accretions thereon shall be taxed in the following manner :-

- (a) Amount received by the **Assessee** on closure or on opting out of the NPS A/c, to the extent it does not exceed **60%** of the total amount payable to him/her on closure or on opting out } \Rightarrow Exempt u/s 10(12A)
- (b) Amount received by an **Employee** on partial withdrawal from the NPS A/c, to the extent it does not exceed **25%** of the contributions made by such employee } \Rightarrow Exempt u/s 10(12B)
- (c) Amount received from the NPS A/c of the assessee by his/her nominee or legal heir on closure of such A/c on the death of such assessee } \Rightarrow Fully Exempt
- (d) Pension received by the assessee out of the NPS A/c \Rightarrow Taxable under the head "IFOS"
- (e) Taxable amount as referred to in point no. (a) & (d) above, which is utilised by the assessee for purchasing any annuity plan in the same PY } shall not be deemed to have been received in that PY and therefore, shall be exempt.
- (f) Pension received out of annuity plan purchased in point no. (e) above \Rightarrow Taxable under the head "IFOS"

Section 80CCE :- Overall Maximum Limit on Deductions u/s 80C, 80CCC and 80CCD(1) :-

* Deduction u/s 80C = XX

* Deduction u/s 80CCC = XX

* Deduction u/s 80CCD(1) = XX

(a) Aggregate Amount of Deductions
u/s 80C, 80CCC & 80CCD(1) = XX

OR

(b) Maximum Overall limit on the
above deductions u/s 80CCE = ₹1,50,000

Lower of (a) & (b) shall be the amount
of deduction available to the assessee
u/s 80C, 80CCC & 80CCD(1).

XX

⊛ Important Note :-

Deductions u/s 80CCD(1B)
and 80CCD(2) are not
subjected to overall limit
u/s 80CCE.

In other words, total deductions u/s 80C, 80CCC & 80CCD(1) cannot be claimed in excess of ₹1.50,000

Section 80D :- Deduction w.r.t. Medical Insurance Premium etc. :-

<u>Nature of Payment</u>	<u>By an Individual Assessee</u>		<u>By HUF Assessee</u>
	<u>For Self, Spouse & Dependent children</u>	<u>For his/her Parents</u>	<u>For any of its Members</u>
1) Medical Insurance Premium paid to GIC or any other Approved Insurance company (to be paid otherwise than in cash)	Eligible	Eligible	Eligible
2) Contribution towards Central Govt. Health Scheme (GHS) (to be paid otherwise than in cash)	Eligible	Not Eligible	Not Eligible
3) Payment for Preventive Health checkup (can be paid by any mode including cash)	Eligible	Eligible	Not Eligible
To the extent of Max. ₹5000 in aggregate			
4) Medical Expenditure on a Senior Citizen for whom no medical insurance premium is paid (to be paid otherwise than in cash)	Eligible	Eligible	Eligible

(A) Aggregate of Amounts Eligible u/s 80D
(i.e. Total of Amounts in point no. 1 to 4) XX XX XX

OR

(B) Maximum Amount of Deduction u/s 80D ₹25,000 ₹25,000 ₹25,000

Note 1:- Deduction u/s 80D shall be available to the extent of least of (A) & (B) above. However, if the aggregate amount eligible u/s 80D as shown above in (A) includes medical insurance premium paid for any senior citizen or medical expenditure on on any senior citizen for whom no medical insurance premium is paid; then, the maximum amount of deduction u/s 80D in (B) above shall be taken as ₹50,000 instead of ₹25,000.

Note 2:- Payments as specified above shall qualify for deduction u/s 80D only if such payments are made out of the taxable income of the assessee.

Note 3:- Senior Citizen = Resident Individual (+) Age 60 years or more at anytime during the PY

#Note 4:- If medical insurance premium is paid for more than one year;



then, the amount of premium eligible for deduction up to 800 for the PY shall be computed in the following manner:-

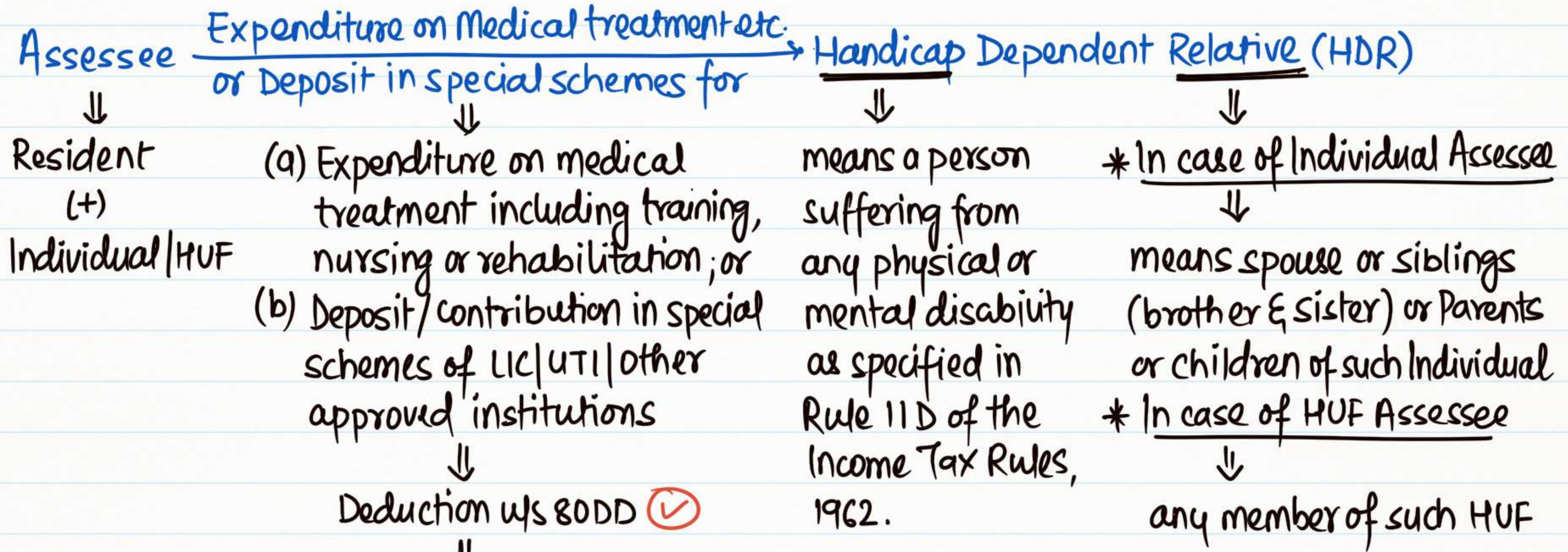


Total Medical Insurance Premium Paid
(Lumpsum Premium) (\div) * No. of PYs covered by the Policy term



* No. of PYs covered by the policy term shall include the PY in which the premium is paid and no. of PYs during which the policy would be in force.

Section 80DD :- Deduction w.r.t. Expenditure on Handicap Dependent Relative (HDR) :-



Amount of deduction w/s 80DD shall be

₹75,000 if the HDR is ordinarily disabled i.e. HDR's disability is $\geq 40\%$ but $< 80\%$.

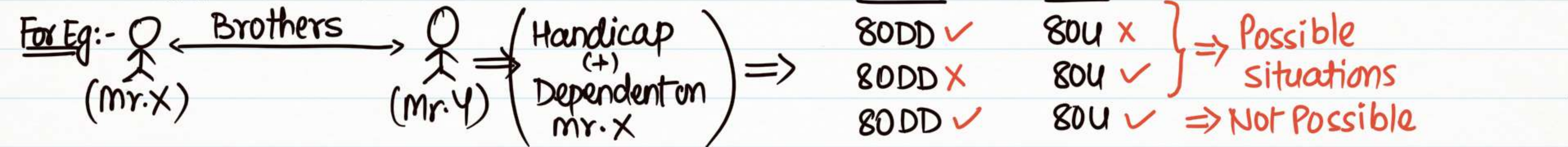
₹1,25,000 if the HDR is severely disabled i.e. HDR's disability is $\geq 80\%$.

Note 1:- Quantum i.e. Amount of expenditure on medical treatment etc. incurred by the assessee on the HDR is not to be taken into consideration i.e. the same needs to be ignored because deduction u/s 80DD depends on the disability % of the HDR and not on the amount spent on medical treatment etc. on such HDR.

Note 2:- Certificate of disability of the HDR shall be obtained by the assessee from an approved Medical Authority prior to claiming deduction u/s 80DD.

Note 3:- If the HDR dies before the assessee, then, the amount received by the assessee from the special deposit scheme which was maintained for such HDR, shall be taxable in the hands of such assessee in the year of receipt of such amount.

Note 4:- If the HDR himself is claiming deduction u/s 80U in respect of his own disability, then, no deduction u/s 80DD shall be granted to the assessee in respect of the disability of such HDR and vice-versa.



Section 80U :- Deduction available to Handicap Assessee :-

→ Eligible Assessee = Resident (+) Individual (+) Handicap



means a person suffering from any physical or mental disability as specified in Rule 11D of the Income Tax Rules, 1962

→ Amount of Deduction u/s 80U shall be :-

₹ 75,000



If the assessee is Ordinarily disabled (i.e. disability of the assessee is $>40\%$ but $<80\%$)

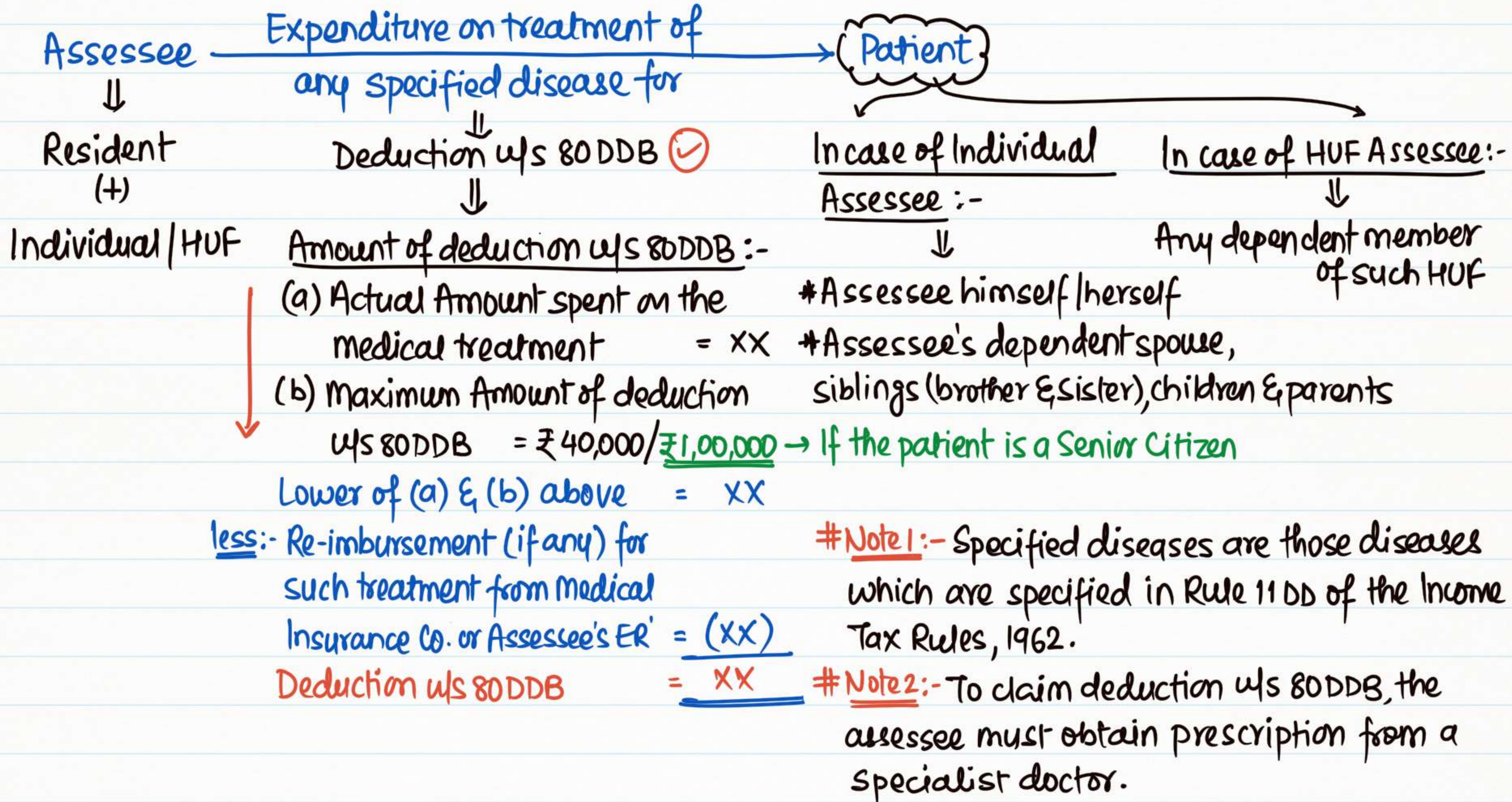
₹ 1,25,000



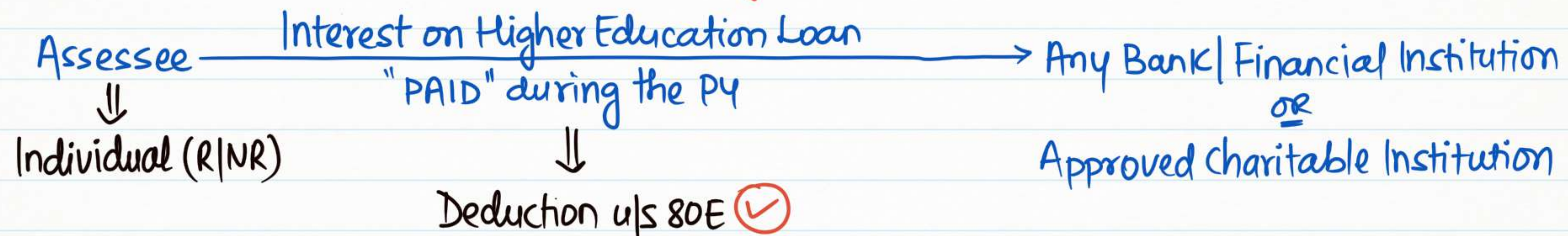
If the assessee is Severely disabled (i.e. disability of the assessee is $\geq 80\%$.)

Note :- In order to claim deduction u/s 80U, the assessee must furnish a certificate showing his/her disability and which is obtained from an approved medical authority.

Section 80DDB:- Deduction w.r.t. Expenditure incurred on treatment of Specified Disease:-



Section 80E:- Deduction w.r.t. Interest on Higher Education Loan :-



Amount of deduction u/s 80E shall be 100% of the Interest "PAID" during the PY

\Downarrow

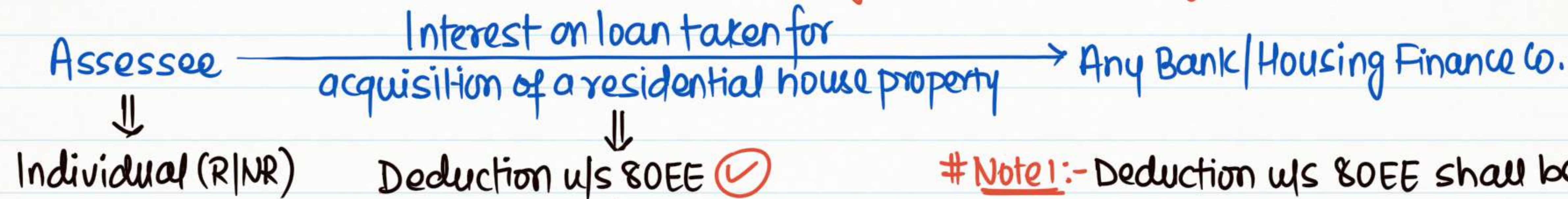
Deduction u/s 80E shall be available w.e.f. the year in which the assessee starts paying such interest till next 7 years or till the interest is paid in full by such assessee

Note 1:- Higher Education means any course of study undertaken after completing Senior Secondary Examination (i.e. std 12th)

Note 2:- The loan must be taken for the higher education of :-

- assessee himself/herself
- assessee's spouse or children (may or may not be dependent on the assessee)
- any student for whom the assessee is a legal guardian

Section 80EE:- Deduction w.r.t. Interest on Housing Loan taken during the PY 2016-17 :-



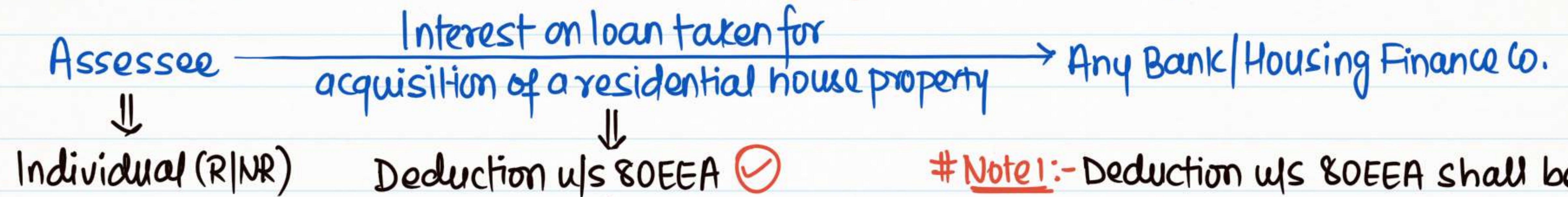
Amount of deduction u/s 80EE shall be lower of the following:-

- (a) Interest on Housing loan = xx
- OR
- (b) Maximum Amount of Deduction u/s 80EE = ₹50,000

\Downarrow Deduction u/s 80EE shall be available over and above the deduction u/s 24(b) in respect of such interest. Further, the deduction u/s 80EE shall be available w.e.f. AY 2017-18 & subsequent AYs.

- # Note 1:- Deduction u/s 80EE shall be available only if all the following conditions are satisfied:-
- (a) Housing loan must be sanctioned during the PY 2016-17;
 - (b) Amount of Housing loan shall be \leq ₹35 lakhs;
 - (c) Value of the residential house property shall be \leq ₹50 lakhs; and
 - (d) Assessee should not own any residential house property as on the date of sanction of housing loan.

Section 80EEA :- Deduction w.r.t. Interest on Housing Loan taken during PY 19-20 to 21-22 :-



Amount of deduction w/s 80EEA shall be lower of the following :-

(a) Interest on Housing loan = xx

OR

(b) Maximum Amount of Deduction w/s 80EEA = ₹1,50,000

Note 1 :- Deduction w/s 80EEA shall be available only if all the following conditions are satisfied :-

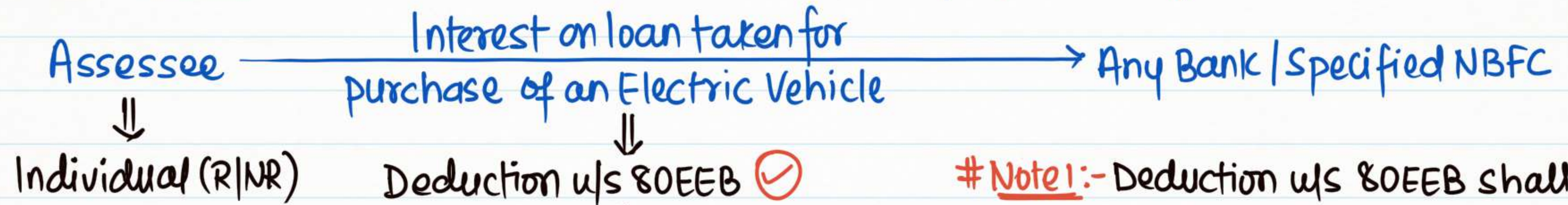
- (a) Housing loan must be sanctioned during 01.04.19 to 31.03.22
- (b) Stamp Duty Value (SDV) of the residential house property shall be \leq ₹45 lakhs;
- (c) Assessee should not own any residential house property as on the date of sanction of housing loan; and
- (d) Assessee is not eligible to claim deduction w/s 80EE.

Note 2 :- Interest allowed as deduction w/s 80EEA, shall not be allowed under any other provision of the Income Tax Act, 1961.

\Downarrow Deduction w/s 80EEA shall be available over and above the deduction w/s 24(b) in respect of such interest.

Further, the deduction w/s 80EEA shall be available w.e.f. AY 2020-21 & subsequent AYs.

Section 80EEB :- Deduction w.r.t. Interest on loan taken for purchase of Electric Vehicle



Amount of deduction u/s 80EEB shall be lower of the following:-

(a) Interest on Eligible Loan = XX

OR

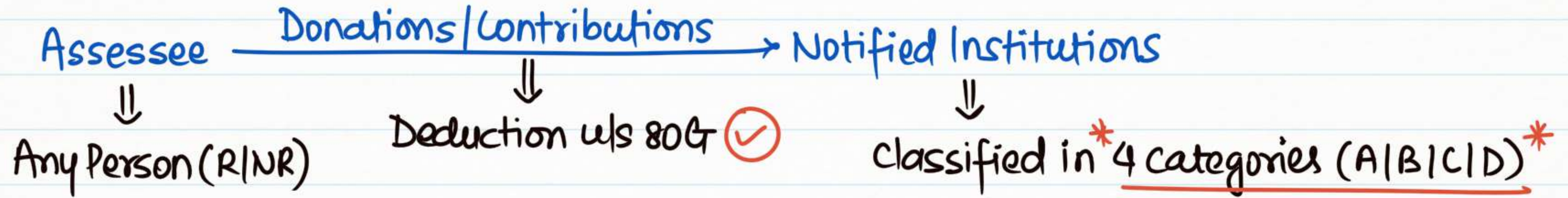
(b) Maximum Amount of Deduction u/s 80EEB = ₹1,50,000

Note 1:- Deduction u/s 80EEB shall be available only if such loan is sanctioned between 01.04.2019 to 31.03.2023.

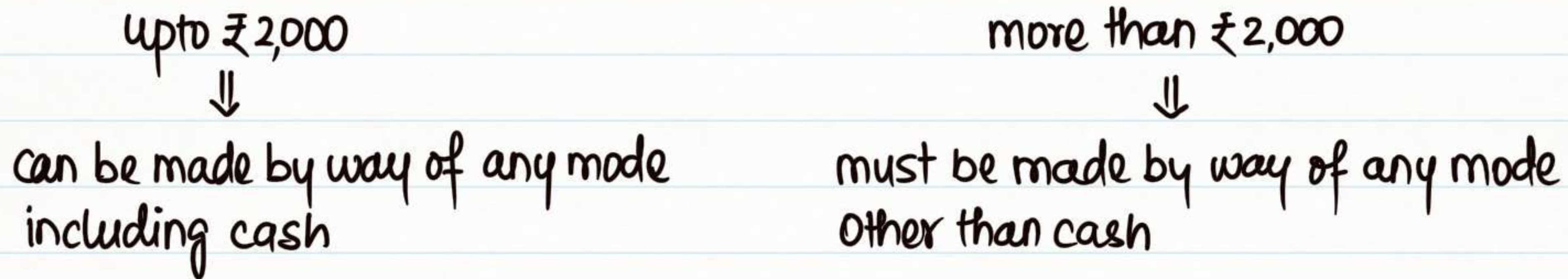
Note 2:- Deduction u/s 80EEB shall be available w.e.f. AY 2020-21 & subsequent AYs till the repayment of such loan continues.

Note 3:- Interest allowed as deduction u/s 80EEB shall not be allowed as a deduction under any other provision of the Income Tax Act, 1961.

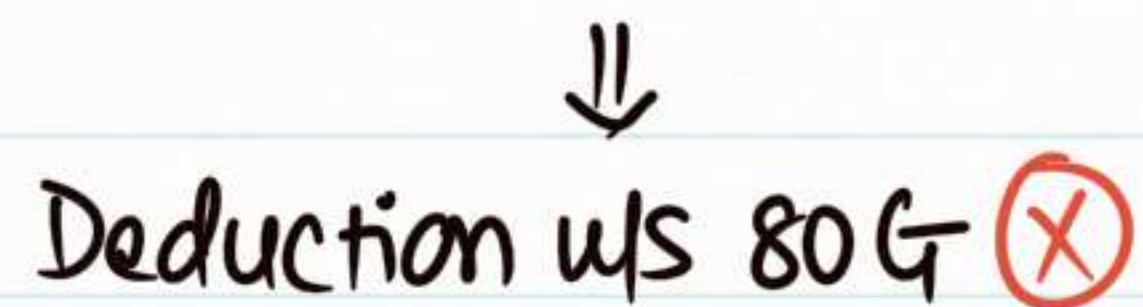
Section 80G :- Deduction w.r.t. Donations/Contributions made to Notified Institutions:-



Note 1 :- Donations/Contributions made to Notified Institutions (Monetary)



Note 2 :- Donations/Contributions made in kind (i.e. other than monetary donations)



* Amount of Deduction u/s 80G is to be computed in the manner prescribed below :-

Name of the Notified Institutions	Actual Amount of Donation	Eligible u/s 80G		Deduction u/s 80G	
		(%)	Amount	(%)	Amount
* Category "A" Institutions	XX	100%	XX	100%	XX
* Category "B" Institutions	XX	100%	XX	50%	XX
				(I)	<u>XX</u>
* Category "C" Institutions	XX		XX 1st	100%	XX
* Category "D" Institutions	XX	(Bal. Fig)	<u>XX</u> 2nd	50%	XX
(a) Total Donations under "C & D" categories	XX		XX	(II)	<u>XX</u>
(b) Maximum 10% of <u>Adjusted Total Income</u>	XX	Lower of (a) & (b) is Eligible Amt.			

∴ Deduction u/s 80G = I (+) II

* Adjusted Total Income :-



[GTI (-) LTCG u/s 112 & 112A (-) STCG u/s 111A (-) Deductions u/c VI-A (except 80G)]

Category "A" Institutions

[XX → 100% → 100%]



- * Zila Saksharta Samiti
- * Africa (Public Contribution of India)
- * Approved university / Educational Institution of national eminence
- * Army Central Welfare Fund / Navy Benevolent Fund / Air Force Central Welfare Fund
- * Fund set-up by the CG for Technology Development & Application
- * Clean Ganga Fund
- * Swachh Bharat Kosh
- * PM's National Relief Fund & PM CARES Fund
- * PM's Armenia Earthquake Relief Fund
- * CM's / Lieutenant Governor's Relief Fund for states & Union Territories

- * CM's Earthquake Relief Fund, Maharashtra
- * CM's Cyclone Relief Fund, Andhra Pradesh
- * SG's Fund set-up for providing medical relief to poor
- * Gujarat SG's fund set-up for providing relief to earthquake victims
- * State Blood Transfusion Council
- * National Blood Transfusion Council
- * National Defence Fund
- * National children's Fund
- * National foundation for Communal Harmony
- * National Illness Assistance Fund
- * National Sports Fund
- * National Cultural Fund
- * National Fund for Control of Drug Abuse
- * National Trust for welfare of persons with autism, cerebral palsy, mental retardation, multiple disabilities

Category "B" Institutions

[XX → 100% → 50%]



- * PM's Drought Relief Fund
- * Jawaharlal Nehru Memorial Fund
- * Indira Gandhi Memorial Trust
- * Rajiv Gandhi Foundation

Category "C" Institutions

[XX → limit → 100%]



- * CG/SG/Local Authority/Other Approved organisations/Institutions etc. for the purpose of promotion of family planning
- * Indian Olympic Association or any other notified association/institution established in India for infrastructure development or sponsorship of sports & games in India

Category "D" Institutions

[XX → limit → 50%]



- * CG/SG/Local Authority/Any other approved organisation or institution for charitable purposes
- * Any authority established in India for housing development or planning, developing or improving cities, towns or villages
- * Any corporation established by the CG/SG for the purpose of promoting minority interest
- * Notified Temple, church, mosque or Gurudwara or other places of public worship of renown or places of historic, artistic or archeological importance

(available only to the corporate assessee)

Section 80GG :- Deduction w.r.t. Rent paid in respect of Residential Accommodation :-

→ Eligible Assessee :- Individual (R/NR) (+) **Not in receipt of House Rent Allowance (HRA)**

→ Deduction u/s 80GG shall be least of the following :-

(a) Max. ₹5,000 pm

(b) 25% of Adjusted Total Income*

(c) Rent Paid (-) 10% of Adjusted Total Income*

* Adjusted Total Income :-

⇓

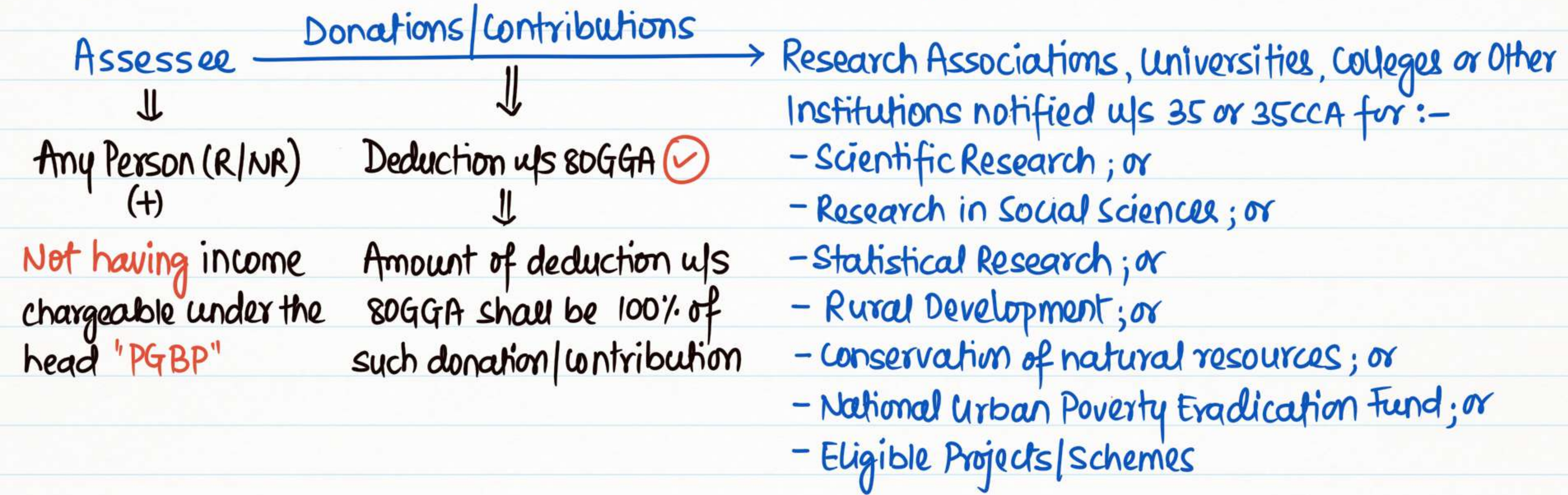
[GTI (-) LTCG u/s 112 & 112A (-) STCG u/s 111A
(-) Deductions u/c VI-A (except 80GG)]

Note :- Deduction u/s 80GG shall be available only if :-

(a) Rent Paid > 10% of Adjusted Total Income
and

(b) Assessee or his/her spouse/minor child or the HUF of which the assessee is a member does not own a residential property at the place (i.e. city/town) where the rent is paid. However, the residential property can be owned at any other place (i.e. city/town), but such property must not be claimed as self-occupied property (i.e. SOP).

Section 80GGA:- Deduction w.r.t. Donations / Contributions made to Approved Research Associations / Institutions etc. as notified u/s 35 or 35CCA :-



Note :- Amount of donation/contribution to above associations/institutions etc.

upto ₹ 2,000
 \downarrow
can be made by way of any mode including cash.

more than ₹ 2,000
 \downarrow
must be made by way of any mode other than cash.

Section 80GGB/80GGC :- Deduction w.r.t. Donations/Contributions to Political Parties/Electoral Trust:-

* Assessee Donation/Contributions → Political Parties/Electoral Trust

↓
Indian Company

↓
Deduction u/s 80GGB ✓ ⇒ 100% of the Amount of such donation ✓

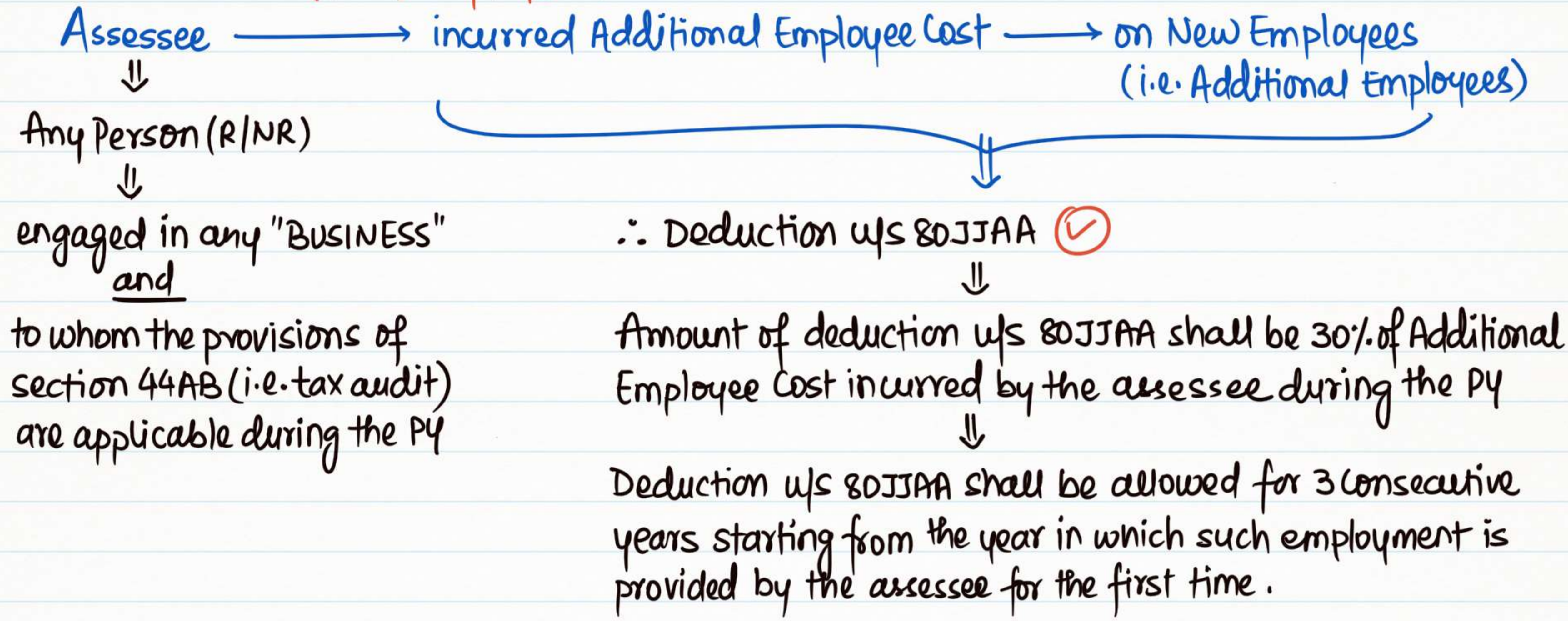
* Assessee Donation/Contributions → Political Parties/Electoral Trust

↓
Any Person
(except an Indian
Co. or any local
authority/AJP
funded by the Govt.)

↓
Deduction u/s 80GGC ✓ ⇒ 100% of the Amount of such donation ✓

Note :- Any donation/contribution made to the political parties/Electoral Trust is to be compulsorily made by way of any mode other than cash i.e. if such donation/contribution is made in cash, then, the same would not qualify for deduction u/s 80GGB/80GGC and would be ignored.

Section 80JJAA :- Deduction w.r.t. Additional Employee Cost on employment of Additional (New) Employees :-



Note 1 :- Additional Employee Cost



Total emoluments i.e. any sum paid or payable to additional (new) employees in lieu of employment, by whatever name called.



Does not include following emoluments :-

- (a) Employer's Contribution to Pension Fund or Provident fund or any other staff welfare fund established;
- (b) lumpsum payments on termination or retirement or superannuation.



* Further, in case of emoluments which are exempt for the employees, gross emoluments needs to be considered and not the net emoluments i.e. emoluments after exemption

Additional (New) Employee



An employee who has been employed during the PY and whose employment has the effect of increasing the total no. of employees as on the last day of preceding PY.



Does not include following employees :-

An employee :-

- (a) whose total monthly emoluments $> ₹25,000$ pm
- (b) who is employed during the PY and the period of his employment is < 240 days (< 150 days if the assessee is in the business of manufacturing of apparels or leather or footwear)

* However, if such employee is employed for $\geq 240/150$ days in the immediately following PY \Rightarrow Addl. EE for next PY ✓

- (c) who does not participate in RPF
- (d) whose entire EPS contribution is made by the Govt.

Note 2:- (A) In case of a New Business



Additional Employee Cost means total emoluments paid or payable to employees employed during that PY (whether paid in cash or otherwise)

(B) In case of an Existing Business



Additional Employee Cost shall be taken as "NIL" for the PY if :-

- (a) there is no increase in the no. of employees as compared to the total no. of employees employed as on the last day of the immediately preceding PY
- (b) the emoluments to the additional (new) employees are paid by way of any mode other than a/c payee cheque / bank draft or ECS.

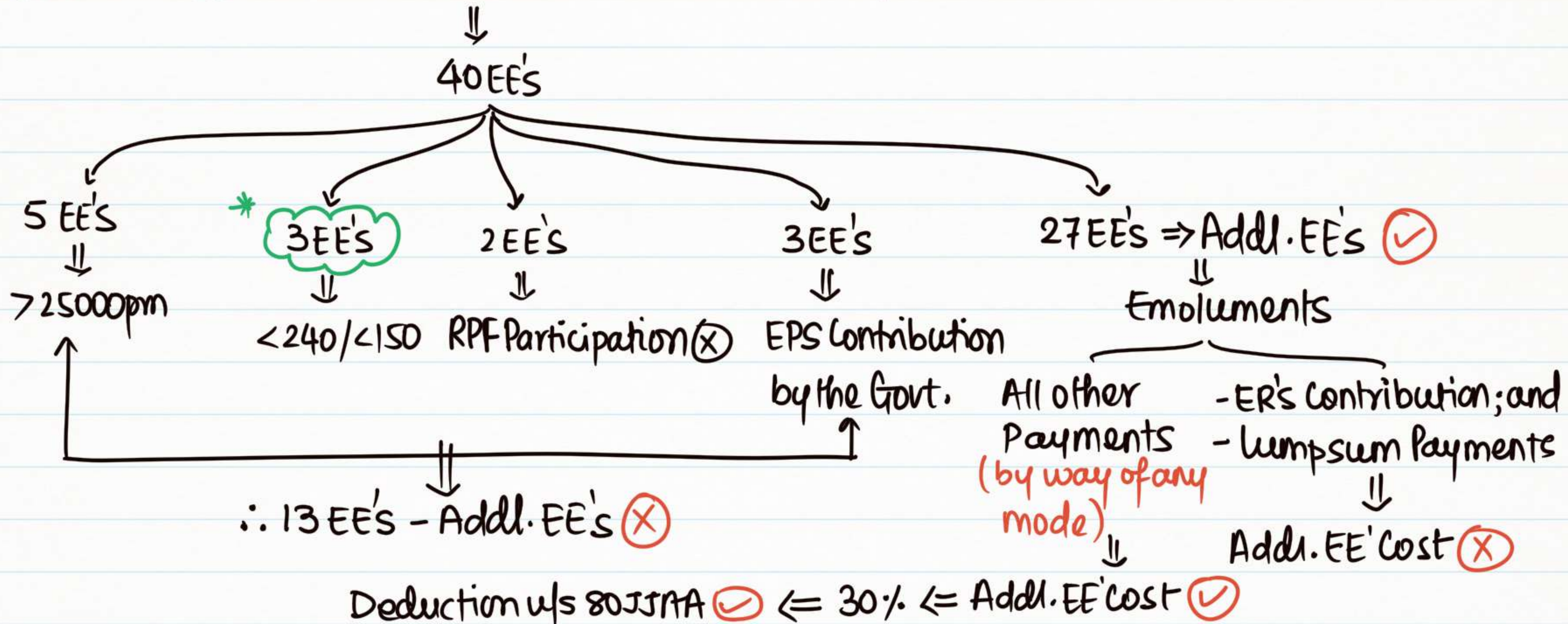
Note 3:- Conditions to claim deduction u/s 80JJAA:-

- (a) Business of the assessee shall not be formed by splitting up or re-construction of existing business;
- (b) Business is not acquired by the assessee by way of transfer from any other person or as a result of any business re-organisation;
- (c) A report in prescribed format is to be obtained from a practising chartered accountant to be furnished on or before 30.09 of the AY i.e. the date one month prior to the due date of filing the ROI.

Example on Section 80JJAA :-

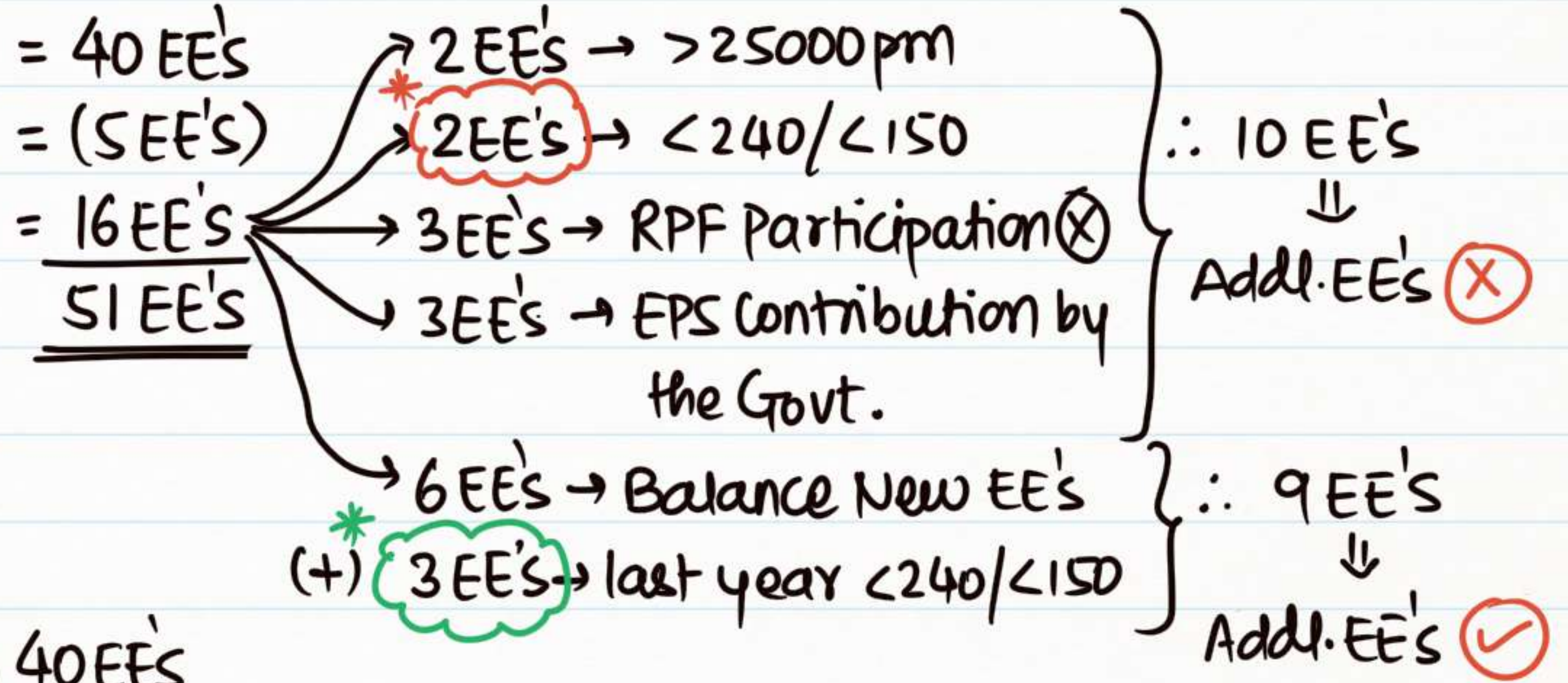
=> 1st year of Business (i.e. New Business) :-

Total No. of EE's employed during the year
(All these EE's are New EE's as the business is also new)



=> 2nd year of Business (i.e. Existing Business) :-

Total No. of EE's as on the last day of the immediately preceding PY
less :- EE's left during the current PY
Add :- EE's joined during the current PY
Total No. of EE's



∴ 40 - 5 + 9 = 44 EE's i.e. more than 40 EE's

↓

∴ 44 EE's (-) 40 EE's = 4 EE's → Emoluments
 (any 4 out of 9)

Deduction u/s 80JJAA (✓) ≤ 30% ≤ Addl. EE' Cost (✓) ≤

All other Payments - ER's Contribution; and
 (by way of a/c payee - lumpsum payments
 cheque / bank draft, ↓
 ECS or other prescribed Addl. EE' Cost (X)
 modes)

⇒ 3rd year of Business (i.e. Existing Business) :-

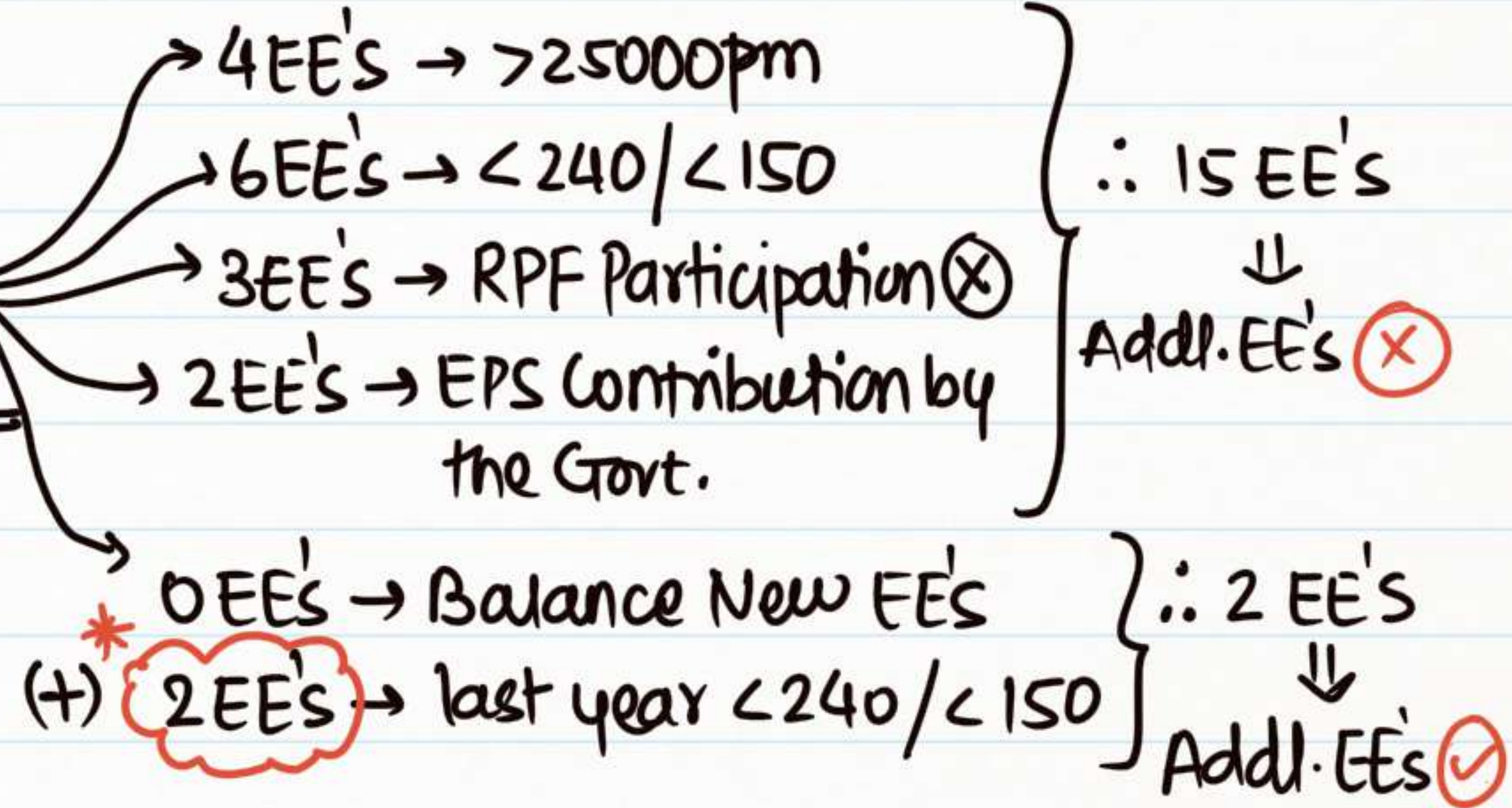
Total No. of EE's as on the last day of the immediately preceding PY = 51 EE's

less:- EE's left during the current PY = (10 EE's)

Add:- EE's joined during the current PY = 15 EE's

Total No. of EE's

56 EE's



∴ $51 - 10 + 2 = 43$ EE's i.e. less than 51 EE's

⇓

Therefore, there is no increase in the no. of employees as compared to the total no. of employees as on the last day of the immediately preceding PY.

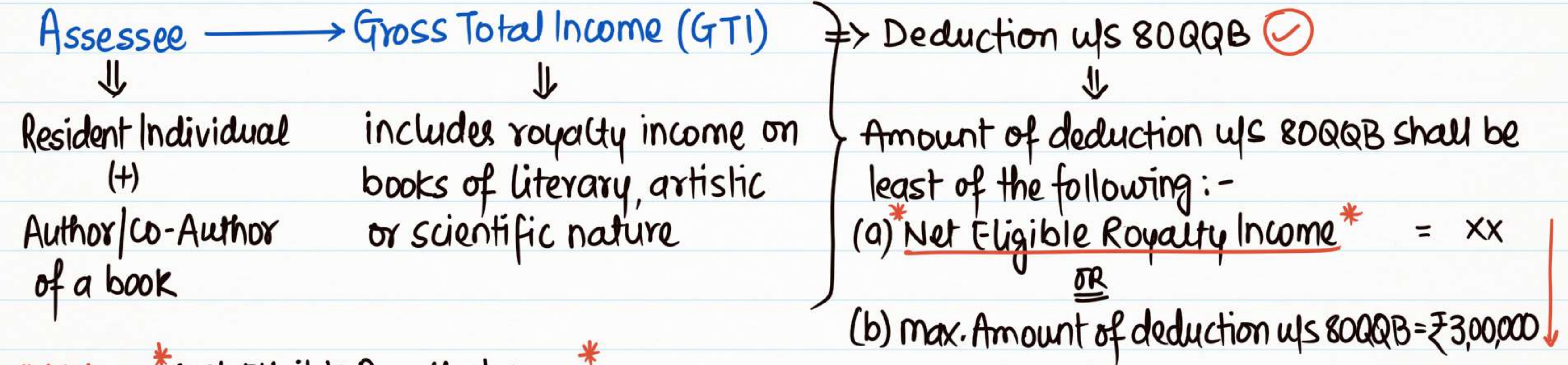
⇓

And in such case, Addl. EE' cost = Nil

⇓

∴ Deduction u/s 80JJAA (X)

Section 80QQB:- Deduction w.r.t. Royalty Income of Authors:-



Note 1:- * Net Eligible Royalty Income* :-

Royalty income must be derived in the exercise of assessee's profession and the same can be either :-

(a) on account of lumpsum consideration for grant or assignment of assessee's interest in the copyright of eligible books;

OR

(b) royalty or copyright fees (lumpsum or otherwise)

* the royalty income as prescribed in (a) & (b) above shall be further reduced by the amount of expenses related to earn such royalty income.

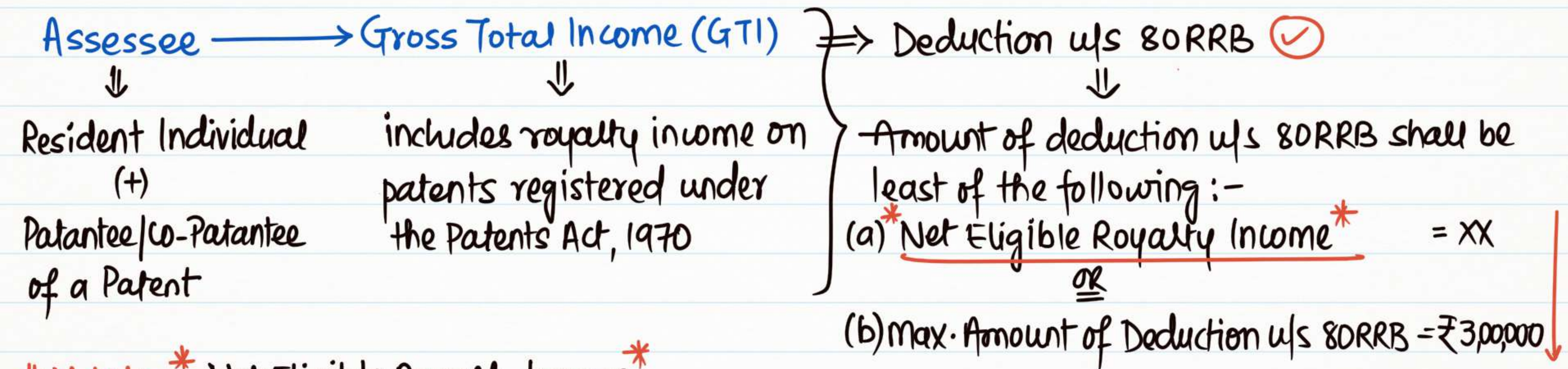
Note 2:- Where the royalty or copyright fees is not in the nature of lumpsum consideration (i.e. royalty or copyright fees is received/receivable as a % of sale price of books); then, royalty in excess of 15% of shall not be considered for deduction u/s 80QQB i.e. the same needs to be ignored.

Note 3:- If royalty or copyright fees (lumpsum or otherwise) is earned from a source outside India; then, only so much of the royalty or copyright fees shall be considered for section 80QQB, which is brought to India in convertible foreign exchange, within 6 months from the end of the PY in which it is earned by the assessee.

Note 4:- Lumpsum royalty or copyright fees includes any advance payment or copyright fees which is not returnable.

Note 5:- "Books" shall not include brochures, commentaries, diaries, guides, magazines, journals, newspapers, pamphlets, text books for schools, tracts and other publications of similar nature by whatever name called.

Section 80RRB :- Deduction w.r.t. Royalty Income on Patents :-



Note 1 :- * Net Eligible Royalty Income :-

Royalty income must be derived as a consideration (including lumpsum consideration) for:-

- (a) transfer of rights (including the granting of license) in respect of patents; or
- (b) imparting of any information concerning the working or use of a patent; or
- (c) use of any patent; or

(d) rendering of any services in connection with activities referred above in (a) to (c)

* the royalty income as prescribed in (a) to (d) above shall be further reduced by the amount of expenses related to earn such royalty income

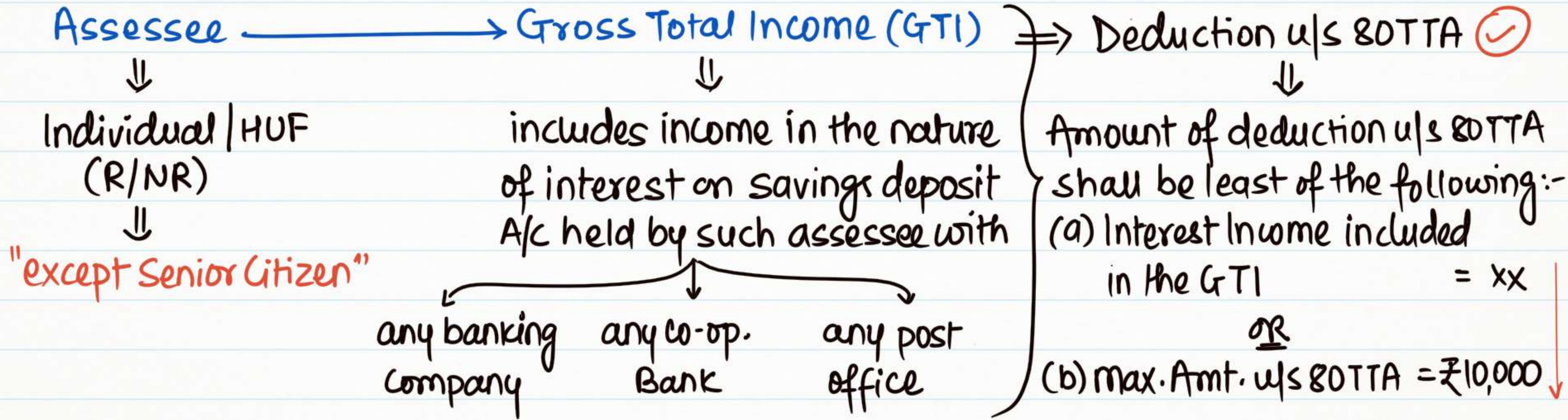
Note 2 :- Lumpsum royalty includes any advance payment which is not returnable.

Note 3 :- Royalty income does not include :-

- (a) any consideration for transfer of patents chargeable under the head "Capital Gains"; or
- (b) any consideration for sale of products manufactured with the use of patented process or of the patented article for commercial use.

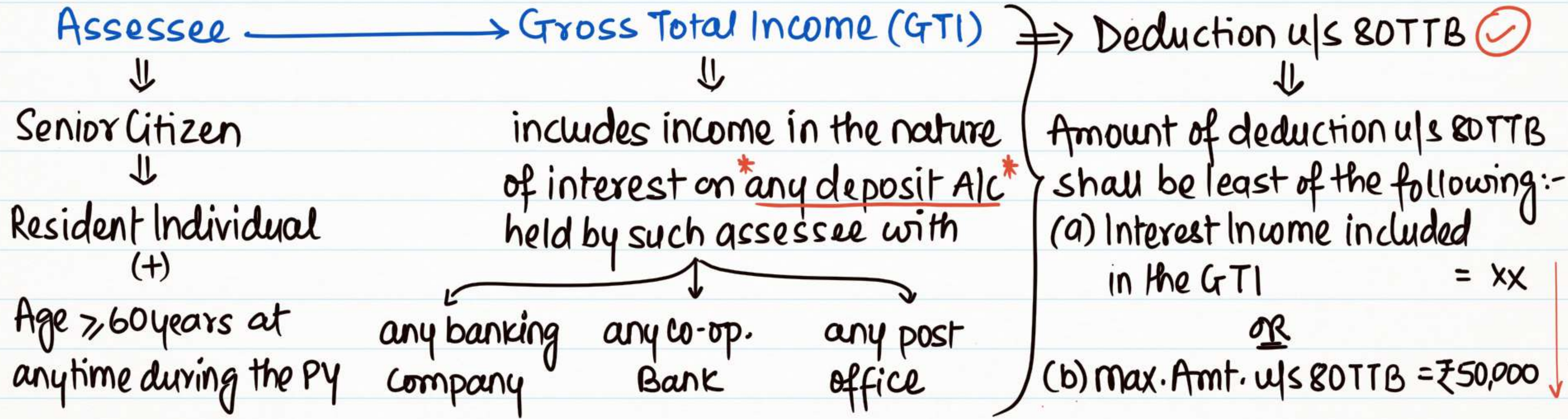
Note 4 :- If the royalty income is earned from a source outside India; then, only so much of the royalty income shall be considered for the purpose of section 80RRB, which is received in convertible foreign exchange in India, within 6 months from the end of the PY in which it is earned by the assessee.

Section 80TTA :- Deduction w.r.t. Interest on Savings Deposit A/c :-



Note :- If the interest is derived from any savings deposit A/c held by or on behalf of any firm or AOP/BOI, then, no deduction u/s 80TTA shall be allowed to the partner or member of such firm or AOP/BOI.

Section 80TTB:- Deduction w.r.t. Interest on Deposit A/cs held by Senior Citizens :-



Note 1:- If the interest is derived from any deposit account held by or on behalf of any firm or AOP/BOI, then, no deduction u/s 80TTB shall be allowed to the partner or member of such firm or AOP/BOI.

Note 2:- * any deposit A/c* $\begin{cases} \text{Savings Deposit A/c} \checkmark \\ \text{Fixed Deposit A/c} \checkmark \\ \text{Recurring Deposit A/c} \checkmark \end{cases}$

\longrightarrow END OF NOTES \longleftarrow