

DEDUCTIONS FROM GTI

Deductions under chapter VI-A is restricted to Gross Total Income and it cannot be carried forward

There are specified incomes where deductions cannot be claimed:

- Long Term Capital Gains
- Long Term Capital Gains u/s 112A
- Short Term Capital Gains u/s 111A
- Casual income etc

Section 80C – Specified Investments

Q 2 3 18 19 22 23 25 29



Eligible assessee: ONLY individual and HUF

Deduction: Rs 1,50,000 MAX

- Investments:

1. LIC premium

[Individual – Himself, spouse, children]

[HUF – Any member]



If policy is acquired **BEFORE**
1/4/2012

- Premium paid OR
- 20% policy value



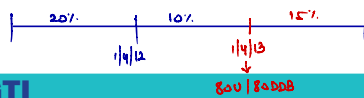
If policy is acquired **AFTER**
1/4/2012

- Premium paid OR
- 10% policy value



If policy issue **on or after**
1/4/2013 for person with
disability (u/s 80U) or person
suffering from specified
disease (u/s 80DDB)

- Premium paid OR
- 15% of policy value



- Amount deposited in PPF [himself, spouse, children]
- Employee's contribution to Statutory provident fund, Recognised Provident fund (SPF&RPF)
- Amount invested in NSC as well as interest accrued on NSC
- Repayment of Loan taken from Banks or Financial Institution for purchase construction of House (Principle amount) – including Stamp duty, registration fee for acquisition of house property
- Fixed Deposit in a scheduled Bank or Post office for 5 years or more,
- Tuition fees paid for education of children [Max 2 children for full time education in India]
- Contribution towards Unit Linked Insurance Plan (ULIP)
- Notified units of Mutual Funds or UTI.
- Investment in tax saver fund
- Tax deposit in assessee name

- Deposit in Notified bonds of NABARD.
- Deposit in Senior citizen Saving Scheme.
- Notified Pension scheme of UTI or MF.
- Deposit in Sukanya Samriddhi Scheme A/c [For individual himself/ herself or any girl child of individual or girl child for whom such individual is a legal guardian.

Alert!!!!!!

Only 3 deductions are allowed in New Scheme (115BAC):

- (1) Section 80CCD(2);
- (2) Section 80CCH(2);
- (3) Section 80JJAA.

Other deductions are allowed only in Old Regime

Section 80CCC: Contribution to Pension Fund of LIC / Other insurance company

Q 24

Eligible assessee: Individual

Deduction: Rs 1,50,000 (MAX)

Section 80CCD: Contribution to Pension scheme of CG / Notified Pension scheme / Atal Pension Yojna

Q 4 20 26

Eligible assessee: Individual

Deduction:

Section 80CCD(1)

Salaried employee	Other employees (Self employed)
1. Employee Contribution	1. Assessee's Contribution
2. 10% of Salary	2. 20% of GTI

Salary = [Basic + DA(in terms)]

Section 80CCD(2)

Q 27

Employer's contribution to NPS for the benefit of employee.

Since employer is spending money for employee – contribution by employer is first included in Income from Salary. Further, employee will get the deduction of such amount included in the head in his ROI.

Deduction:

- Employer's contribution OR
- 10% of Salary [Basic + DA(in terms)]

If Employer is CG/SG –
Limit is 14%

New If opted for 115BAC → 14% of salary instead of 10%.

Section 80CCD(1B): Additional deduction upto Rs 50,000 = allowed other than contributions covered u/s 80CCD(1)

- In case of salaried employee:
 - Employee's contribution Rs 1,80,000
 - 10% salary (Salary 144L) Rs 144,000
- 80CCD(1) = Rs 144,000
- Contribution unutilized = 1,80L (-) 144L = Rs 36,000
- 80CCD(1B) = Rs 36,000
- Is it necessary to claim amount of contribution against 80CCD(1) and then unexhausted amount in Sec 80CCD(1B)? OR we can utilize the limit of Rs 50,000 first and then remaining amount in Sec 80CCD(1)
- No such restriction = Assessee can first utilize the limit of Rs 50,000 and then remaining amount can be considered for computing Sec 80CCD(1)

**Section 80CCE**

Q 5 13 24

Aggregate deduction u/s 80C + 80CCC + 80CCD(1) = 1,50,000

Sec 80CCH: Contribution to Agnipath Scheme (Added by FA 23 w.e.f. AY 24-25)

- Eligible Assessee: Individual enrolled in Agnipath scheme subscribing to the Agniveer Corpus Fund on or after 1.11.2022.
- Sec 80CCH(1): 100% of his contribution to Agnipath Corpus Fund
- Sec 80CCH(2): 100% of CG contribution to Agnipath Corpus Fund (first it is taxable under salary and then EE can claim deduction here)
- Sec 10(12C): Any amount received by assessee or his nominee from Agnipath Fund is exempt from tax.

Note: As per Agnipath scheme 30% of monthly package should contributed to Agnipath fund by assessee and CG will also contribute matching amount.

Section 80D: Deduction in respect of Medical Insurance Premium, Central Govt Health scheme, Preventive Health Check-up and Medical Treatment

Q 6 7 13 19 22 24 25 27

Self, Spouse, Child, Parent (Dep) (D/D)



Eligible assessee: Individual and HUF

Individual – Himself, Spouse, Parents (dependent or independent) and DEPENDENT children

HUF – Any member

Mode: Any mode other than cash. Payment for preventive check ups can be made in cash

Particulars	Individual		HUF
	Self, Spouse, Dependent Children	Parents	Members
i. Medical Insurance premium	✓	✓	✓
ii. CG health scheme	✓	✗	✗
iii. Preventive health check up	✓	✓	✗
1. Deduction	Max Rs 25,000	Max Rs 25,000	Max Rs 25,000
Additional deduction (when medical insurance policy taken on life of senior citizen) Age > 60 years	Max Rs 25,000	Max Rs 25,000	Max Rs 25,000
2. Medical expenditure of senior citizen (age ≥ 60 years) and medical premium not paid for such person	Max Rs 50,000	Max Rs 50,000	Max Rs 50,000
MAXIMUM DEDUCTION (1+2)	Max Rs 50,000	Max Rs 50,000	Max Rs 50,000

Aggregate payment for preventive health check up for himself, spouse, dependent children and **PARENTS** cannot be more than Rs 5,000

If medical premium is paid lumpsum for more than 1 year

Allowable deduction = Equal proportion basis the total years of the policy

If policy is taken for 3 years and 60,000 is paid = deduction of Rs 20,000 in each year for 3 years


Example – Policy taken on 1/7/2022 for 3 years – premium – Rs 60,000

Deduction – 20,000?? **NO**

Policy is covering 4 FYs i.e. 1/7/22 to 30/6/25

(FY 22-23, 23-24, 24-25, 25-26)

Thus, Deduction = $60,000/4 =$
Rs 15,000

Section 80DD: Deduction of medical treatment & maintenance of handicapped dependent relativeEligible assessee: Resident individual  8 9 21Deduction = **FLAT deduction:**

1. Normal disability = **Rs 75,000**
2. Severe disability (80% or more) = **Rs 1,25,000**

Spend on
Medical treatment (including nursing), training and rehab of a dependent having disability

Special notes

- Assessee should incur expenses on medical treatment or deposit any amount for maintenance of such handicapped dependent relative – He / She should not take a deduction u/s 80U
- Relative:
 1. **Individual** - spouse, brother, sister, children, mother, father.
 2. **HUF** - Any member of HUF

Expected Qs – Grandfather, Grandmother

Section 80U: Deduction for handicapped assessee  29

Eligible assessee: Resident individual


Deduction = **FLAT deduction:**

1. Normal disability = **Rs 75,000**
2. Severe disability = **Rs 1,25,000**

Section 80DDB: Deduction in respect of medical treatment of specified disease (Rule 11DD)

Eligible assessee: Resident individual (for self, dependent relative (S, C, P, B, S) HUF (any dependent member))

Deduction:

- | | | | |
|-----|--|------|---|
| i. | Actual expenses on treatment | XXX |  |
| ii. | Maximum Rs 40,000 (normal case)/ Rs 1,00,000 (Sr Citizen) (Whichever is lower) | XXX | |
| | LESS: Insurance claim | (XX) | |
| | Amount of deduction | XXX | |

Section 80E – Deduction in respect of interest on loan for higher education in India or abroad 10 19 20 23

Eligible assessee: Individual

Deduction - Interest amount for a period of **8 consecutive years** starting from the year in which assessee starts paying interest

- Education loan ✓
- Int ✓
- 8 consecutive yrs ✓
- India / or India ✓
- Higher Education

Condition - Deduction allowed only if loan taken for the education of **self, spouse, children and any student** for whom assessee is a legal guardian

Section 80EE – Deduction in respect of interest on housing loan 11

Eligible assessee: Individual

Deduction: Max **Rs 50,000**

Conditions to be satisfied:

- Housing loan ✓
 - ₹ 50,00,000 of int ✓
 - Bank / FI ✓
 - Sanctioned for 16-17 ✓
 - Purchase price ≤ ₹ 50 L
 - Loan amt ≤ ₹ 35 L
- Loan should be taken from bank or financial institution for acquisition of residential property.
 - Purchase price of house < 50 Lakhs
 - Loan should be sanctioned between 1/4/2016 to 31/3/2017
 Int on loan 2.20L
 - Loan amount < 35 lakh
 2L 24(b) 20L 20EE
 - Assessee **does not own** any residential house on the date of sanction of loan.
 - First deduction should be claimed u/s 24(b) of house property (up to 2,00,000) and remaining int deduction u/s 80EE.

Section 80EEA: Deduction in respect of interest of housing loan

Q 12 30

Eligible assessee: Individual (Other than covered in 80EE)**Deduction = MAX Rs 1,50,000**

1/4/19-31/3/22

Conditions to be satisfied

- i. Loan should be taken from **banks or financial institutions** for acquisition of residential house property.
- ii. **SDV < 45 lakhs.**
- iii. Loan should be **sanctioned between 1/4/2019 to 31/3/2022**
- iv. Assessee **does not own any residential house property** on the date of sanction of loan.
- v. Where a deduction under this section is allowed for any interest, 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.
- vi. **First deduction should be claimed u/s 24(b) of house property and remaining interest deduction u/s 80EEA.**

• Housing loan ✓
 • ₹ 1,50,000 of Int ✓
 • Bank / FI ✓
 • Sanctioned → 1/4/19-31/3/22 ✓
 • SDV ≤ 45L ✓

Section 80EEB: Deduction in respect of interest on Electric Vehicle loan

Q 12 30

Eligible assessee: Individual**Deduction = MAX Rs 1,50,000****Conditions to be satisfied**

- i. Loan should be taken from **banks or financial institutions including NBFC** for purchase of electric vehicle
- ii. Loan should be **sanctioned between 1/4/2019 to 31/3/2023**
- iii. Where deduction under this section is allowed for any interest, deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other AY.

Section 80GG: Rent paid of House Property (HRA / RFA not received)

Q 14

Eligible assessee: Individual**Deduction:**

- i. Rs 5000 per month
- ii. 25% of adjusted Gross Total Income
- iii. Rent paid (-) 10% of adjusted Gross Total Income

**What is Adjusted GTI ?**

GTI (-) incomes taxable at special rate (-) All the deductions under Chapter VIA (except for section 80GG)

Assessee / his spouse / minor child / HUF should not own any house at the place of his duty**Section 80GGA: Dedn of donation for scientific research or rural dev****Eligible assessee:** All assessee (except assessee having income under the head PGBP)**Deduction:** 100% of donation / contribution**Note** – If donation / contribution is made more than Rs 2,000 – it should not be made in cash**Section 80GGB: Donation to political parties / electoral trust**

Q 15 21

Eligible assessee: Indian Company**Deduction = Full donation**

Donation should not be in Cash

Section 80GGC: Donation to political parties / electoral trust

Q 30

Eligible assessee: Any person (Other than Indian Co)**Deduction = Full donation**

Section 80JJAA: Deduction in respect of Employment of new employees

Q 16 28

Eligible Assessee: Any Assessee engaged in Business and to whom Sec 44AB applies (i.e. T/O > 1 cr).

Amount of deduction: 30% of Additional employee cost (deduction allowed for 3 consecutive years)



What is Additional employee cost:

Total emoluments paid or payable to **Additional employees** employed during the PY

- In case of existing business:** Additional employee cost shall be **NIL**, if
 - # There is **no increase** in the Total number of employees.
 - # **Emoluments paid otherwise than** by A/c payee cheque / draft / NEFT / RTGS or any other electric mode as may be prescribed

Example: Suppose total employee as on 31/3/19 were 90 and during P.Y. 2018-19 - 20 employees left the job & 20 new employees joined, then there will be no deduction under this Section

BUT

If 25 new employees joined then deduction will be allowed on emoluments paid to 5 new employees,

- In case of New Business** - Additional employee cost shall be emoluments paid / payable to employees employed during the P.Y.

Additional employees include —

- Employee whose emoluments \leq 25,000 p.m.
- Employee employed for \geq 240 days in PY (in case of manufacture of apparel or footwear or leather products then 150 days)
- Employee **participates in RPF**.

Note - If an employee is employed during the previous year for less than 240 days or 150 days, but is employed for a period of 240 days or 150 days, in the immediately succeeding year, he shall be deemed to have been employed in the succeeding year.

Accordingly, the employer would be entitled to deduction of 30% of additional employee cost of such employees in the succeeding year.

80JJAA

→ 44AB → Tax Audit ✓

→ Deduction = Additional employee cost \times 30%.

Add ⁿ employees.					Addition?
Start FY	-	left	End FY		
100	60	60	100		(NO)
<u>FY 24-25</u>	100	60	40	120	(20)

20 employees \times ₹200,000 p.a. = ₹40,00,000.

C.Y. FY 24-25 → 80JJAA → ₹12,00,000.
 FY 25-26 → ₹12,00,000.
 FY 26-27 → ₹12,00,000.

Eligible employees

- Emoluments \leq 25,000.
- Present > 240 days / 150 days.
- Contributing to RPF by e/c.

Section 80G – Donations

Q 13 19 22 25 29

Eligible assessee: All assesses

Eligible donations:



Part A

1. P.M. Drought Relief Fund } 50% Unlimited
 2. National Defense Fund
 3. National sports fund
 4. National children fund
 5. National cultural fund
 6. National Fund for control of Drug abuse
 7. P.M. National Relief fund
 8. P.M. Armenia Earthquake Relief fund
 9. C.M. Relief Fund
 10. Zilla Saksharta Samiti
 11. Swachh Bharat Kosh Clean Ganga Fund
 12. Fund for Army, etc
 13. PM CARES FUND
- 100%

Family Planning Rs 30,000

Renovation of temple Rs 50,000

Total Donation Rs 80,000

10% of ATI Rs 50,000

Eligible donation Rs 50,000



1st preference to 100% category

$$30,000 * 100\% = \text{Rs } 30,000$$

Balance in 50% category

$$20,000 (\text{balance}) * 50\% = \text{Rs } 10,000$$

Part B

House: Donation to Housing development authority**Temple:** Donation for renovation or repair of temple, gurudwara, mosque or church, etc.**Trust:** Donation to any public Charitable Trust**Minority:** Donation for promoting minority community in India,**Family:** Donation to Government or Local Authority or approved Institution for promoting Family Planning.**Olympics:** Donations by company to Indian Olympics Association or any other institution for development of infrastructure for sports in India,

Limit for eligible donation

Total donation as per Part B category

XXX

10% of Adjusted Total Income (ATI)

XXX

Eligible deduction

What is ATI?

Gross Total Income (excluding income as per special rate)

XXX

(-) All eligible deductions (except Sec 80G)

(XXX)

Adjusted Total Income

XXX

Deduction under this section is not allowed if donation made in cash is more than Rs 2,000

DEDUCTIONS FROM GTI

Section 80QQB – Royalty from books of literary, artistic, scientific nature

Q 17 29

Eligible assessee: Resident individual**Deduction:**

- Eligible royalty received
- Rs 3,00,000

Eligible royalty:

If lump sum royalty is received = Amount received as royalty

If lump sum not received = Upto 15% of the value of books sold.

Sometimes – Assessee does not get lump sum royalty amount but gets some % of amount of the value of books basis number of books sold. Say Amit is an author of a book of scientific nature and earns 25% royalty on sale of such book. 10,000 books sold. Total amount earned = 10,000 * 500 per book = 50,00,000. Deduction = Rs 7,50,000 (limited to 15% of Rs 50L) or Rs 3,00,000 – Answer = Rs 3,00,000.

Note: If Royalty is earned outside India, then deduction is allowed only if such royalty amount is brought in India in convertible foreign exchange within 6 months from the end of the PY or time allowed by RBI

Section 80RRB: Royalty from patents**Eligible assessee:** Resident individual**Deduction:**

- Eligible royalty received
- Rs 3,00,000

Note: If Royalty is earned outside India, then deduction is allowed only if such royalty amount is brought in India in convertible foreign exchange within 6 months from the end of the PY or time allowed by RBI

Section 80TTA: Interest on savings account

Q 19

Applicable to
Residents + Non Residents.**Eligible assessee:** Individual and HUF**Deduction:**

- Interest Amount received
- Rs 10,000

Saving account meaning – savings account with Banking Company, Co-operative Banks or Post Office

NO DEDUCTION ON FIXED / TIME DEPOSIT

Sec 10(15) – Int on Post Office Savings Bank A/c = Rs 3,500/yr Exempt

In case of joint account – Rs 7,000/yr

Section 80TTB: Interest on deposits (FD / TD / RD) in case of senior citizens

Eligible assessee: Resident senior citizen whose GTI includes interest on deposit with bank, co-operative bank or post office

Amount of deduction:

- Interest Amount received
- Rs 50,000

Amit Mahajan