

Deduction under Income Tax

SECTION 80C - DEDUCTION ON INVESTMENT

Section 80C is the most favorite section of all the income tax payer because it allows to reduce the tax liability of the tax payer by making tax saving investment and collect eligible expenses. It allows a deduction of maximum Rs. 1,50,000 every year from the total income.

This section can be benefitted to an individual and HUF. Companies, LLP, firm and partnership is not eligible to take benefit of this deduction.

The section 80C also includes the subsection like 80CCC, 80CCD (1), 80CCD (1B), 80CCD (2).

All these section allows the deduction of Rs 1,50,000 together but Section 80CCD (1B) also allows additional deduction of Rs 50,000.

SECTION 80TTA - INTEREST ON SAVING ACCOUNT

The benefit of this section is only available to an individual and HUF, they can claim deduction of Rs 10,000 against the income of interest from saving bank account, the account is with bank, co-operative society, or post office. This section is not applicable for interest received from fixed deposit account or recurring deposit account.

SECTION 80GG - HOUSE RENT PAID

The deduction under this section is only available to tax payer if House Rent Allowance is not being received. The taxpayer or spouse of the taxpayer or minor child shall not own any residential accommodation at the place of employment. The tax payer person shall not own any self-occupied property in any other place. The taxpayer shall be reside on the rent paying accommodation. This deduction is applicable to all the individuals.

DEDUCTION AMOUNT CAN BE LEAST OF THE FOLLOWING

- Rent paid minus 10% of adjusted total income;
- Rs 5,000 per month;
- 25% of adjusted total income

SECTION 80E - INTEREST ON EDUCATIONAL LOAN

A deduction under this section can be claimed on the interest on loans which is taken for taking higher education. This loan can be taken for tax payer himself or spouse or child or for a person on whose behalf the taxpayer is guardian. The deduction under this section can be claimed up to 8 years or till the date when interest is repaid, whichever is earlier.

SECTION 80EE - INTEREST ON HOME LOAN

A deduction under this section is available in FY 2017-2018 only if the loan is taken in FY 2016-2017. The deduction is only available to home owner who have only one house property on the date on loan taken. The value of the property shall be less than 50 Lakhs and loan amount shall be less than 35 Lakhs. They can claim a deduction of up to Rs. 50,000 per year as per this section.

SECTION 80D - MEDICAL INSURANCE

An individual and HUF can claim deduction under this section, if the medical insurance is taken for himself, spouse and dependent children then, you can claim deduction of Rs 25,000. An additional deduction of Rs 25,000 is available for insurance taken for parents whose age is less than 60 years, and if the age is above 60 years then deduction amount can be of Rs 50,000, this amount is increased from Rs 30,000 in budget 2018.

SECTION 80U - PHYSICAL DIABILITY

A deduction under this section is available of Rs 75,000 to a resident who has physical disability or mental retardation. If there is severe disability then deduction can be claimed of Rs 1,25,000.

Source : CAclubindia