

How to Save Tax Without Investment

HOW TO SAVE MONEY WITHOUT INVESTMENT

The income tax department have provided various deductions and exemptions to the taxpayers that can be subtracted from the taxable income under chapter VI A under Section 80 to reduce the burden of tax. Among all,

There are deductions which you get with investment, but there are also some deductions which you get without making any investments but via doing some day to day expenditures.

Deductions under 80C is the most famous, there are some other deductions which can reduce the tax liability of taxpayers even without specifically saving in tax saving instruments. Some of them are as follows

1. Child education fees:

You can claim deductions for tuition fees of your children for full-time education of maximum two children up to Rs. 1.5 lakh under Section 80C of Income tax, 1961. You can even save under Section 80E for interest paid on loan availed for the education of your child for a period of 8 consecutive years.

2. Interest Paid on Home Loans:

For individuals buying a home for the first time, there are deduction of up to Rs. 50,000 on the interest component of the EMIs for the interest paid on home loans under section 80EE. However, the amount of loan should not exceed Rs. 35 lakhs, while cost of the residential property should not exceed Rs. 50 Lakhs

3. House Rent Allowance:

Self-employed and salaried individuals who do not have their own residential properties can avail the deduction of House Rent Allowance (HRA), under Section 10(13A) of the Income Tax Act, with respect of least of the following amounts:

- a) 40 – 50 percent of the amount of total salary (50 percent in case of metropolitan city)
- b) Actual amount received as HRA
- c) The rent amount less 10 percent of the employee's salary

To claim the tax benefit, the taxpayer must provide the rent receipts, along with other details to the employer, to claim the amount of exemption.

4. Medical expenses of senior citizen parents:

If your parents are 60 years of age or above and are not covered under any medical insurance policy, you can claim deduction on the money spent on their

medical expenses. You can claim a maximum limit of deduction of Rs. 50000 under Section 80D of Income Tax Act.

Source : Taxguru