



Income Tax Deductions

Analysis by SBC LLP



Slab Rates (Old Regime)

Net income range	Rate of Income-tax
Up to Rs. 2,50,000	–
Rs. 2,50,001 – Rs. 5,00,000	5%
Rs. 5,00,001 – Rs. 10,00,000	20%
Above Rs. 10,00,000	30%





**Exempt
Allowances u/s
10**

House Rent Allowance : Sec 10(13A)



Least of the following is allowed as an exemption:

- (a) Actual HRA received
- (b) Actual rent paid - 10% of (Basic + D.A)
- (c) 40% or 50% of (Basic + D.A) (If stay is in Metropolitan cities, then 50%)

To claim under HRA, you have to submit below documents as proofs:

Monthly rent receipts & rental agreement have to be submitted. The receipts should contain your landlord's name, address and signature. If the annual rent paid is more than Rs 1 Lakh, landlord's PAN should be quoted. In case, if you are paying the rent by cash, you have to affix revenue stamp on the receipts.



Leave Travel Concession: Sec 10(5)

Conditions:

- **Actual journey** must be performed.
- Only **domestic travel** is considered for exemption i.e., travel within India. No international travel is covered under LTA.
- Available for the employee alone or with his **family**, where 'family' includes the employee's spouse, children and wholly or mainly dependent parents, brothers, and sisters of the employee.
- Further, such an exemption is not available for more than two children of an employee born after 1 October 1998. In cases of multiples births on second occasion after having one child is also not affected by this restriction.
- The exemption is available only on the **actual travel costs** i.e., the air, rail or bus fare incurred by the employee. No expenses such as local conveyance, sightseeing, hotel accommodation, food, etc., are eligible for this exemption. The exemption is also limited to LTA provided by the employer.





**Deductions under
Chapter VIA**

Life Insurance Premium u/s 80C :

- **Eligibility:** Deduction is available in respect of policy taken in the name of taxpayer or his/her spouse or his/her children.
- **Restriction on amount of deduction with respect to capital sum assured/ Eligible Premium under Sub-section (3) and (3A) of 80C of Income Tax Act,1961 For regular Life Insurance Policies (other than contract for deferred annuity) :**
 - ✓ Issued from 01.04.2012 - premium paid not in excess of 10% of Capital Sum Assured
 - ✓ Issued from 01.04.2003 and on or before 31.03.2012 - premium paid not in excess of 20% of Capital Sum Assured
- **Eligible Premium under Sub-section (3) and (3A) of 80C of Income Tax Act,1961 For Life Insurance Policies (other than contract for deferred annuity) for (a) a person with disability or a person with severe disability as referred to in section 80U, or (b) suffering from disease or ailment as specified in the rules made under section 80DDB :**
 - ✓ Issued from 01.04.2013 - premium paid not in excess of 15% of Capital Sum Assured



Interest on Educational loan and Tuition Fee

u/s 80C :

Conditions:

- The deduction shall be allowed for a **maximum of two dependent children** of the taxpayer.
- According to the relevant clause of the section, the assessee cannot claim tax benefit for expenditure incurred to benefit himself. Hence, if the assessee has paid tuition fees for his own studies, it will not be possible to claim any deduction.
- The deduction can be availed only if the tuition fees are paid to a university, college, school or other educational institution. Hence, for private tuitions, no deduction shall be permitted.
- The deduction is available only when the taxpayer has made an actual payment and not on an accrual basis.
- Tuition fee refers to the total fees paid after deducting any payment towards development fees, capitation fees, donations or other payments of a similar nature. Hence, admission fees are not allowed to be claimed as a deduction. Similarly, transport charges, food expenses, hostel charges, library fees, and two-wheeler and car parking charges are not allowed.



80E - Deduction in respect of interest loan taken for higher education



Conditions

1. Loan taken for the purpose of higher education of self or relative.
2. Loan must have been taken from any financial institution or approved charitable institution.

Period of Deduction

For a total 8 years or entire repayment whichever is earlier.

Meaning

1. Higher Education: Any course after the 12th standard.
2. Relative: Spouse & Children

Proofs required: Copy of Bank certificate stating that the loan and interest has been paid and amount payable during the financial year.

Housing loan repayment:

Interest on housing loan: Sec 24 (b)

- Let Out Property/Deemed to be Let Out - Rs. 2 lakh
- Self Occupied House (SOP) - Rs. 2 Lakh

In the following cases, the above limit of Rs 2,00,000 for SOP shall be reduced to Rs. 30,000 :

- Loan borrowed before 01-04-1999 for any purpose related to house property.
- Loan borrowed after 01-04-1999 for any purpose other than construction or acquisition.
- If construction/acquisition is not completed within 5 years from

Deduction on principal repayment: Sec 80C

- The principal portion of the EMI paid for the year is allowed as a deduction under Section 80C. The maximum amount that can be claimed is up to Rs 1.5 lakh.
- But to claim this deduction, the house property should not be sold within five years of possession. Otherwise, the deduction claimed earlier will be added back to your income in the year of



80EE - Deduction for interest on loan borrowed for acquisition of self-occupied house property by an individual

Conditions:

1. The assessee has taken a loan for his 1st house. I.e. He does not own any house when a housing loan is sanctioned.
2. The loan is sanctioned in FY 2016-17.
3. The value of House does not exceed Rs. 50,00,000/-
4. The sanctioned loan amount does not exceed Rs. 35,00,000/-
5. If the deduction of housing loan interest is taken under this section, then the same cannot be claimed under any

Amount of Deduction:

other section.

Interest paid on Housing Loan up to Rs. 50,000/-



80EEA - Deduction for interest on loan borrowed for acquisition of self-occupied house property by an individual

Conditions:

1. The assessee has taken a loan for his 1st house. I.e. He does not own any house when a housing loan is sanctioned.
2. Loan should be sanctioned during the Financial Year 2019-20.
3. The Stamp Duty Value of the residential house property does not exceed Rs.45,00,000/-

Amount of Deduction:

Interest paid on Housing Loan up to Rs.
1,50,000/-



Section 80CCD: Deduction for contribution to pension scheme notified by Central Government

Section	80CCD (1)	80CCD (1B)	80CCD (2)
Eligible Assessee / Deduction of	Individual either salaried or self-employed who makes a deposit to his/ her pension account	Additional deduction to Individual Assessee who has deposited the amount in National Pension Scheme	Employer's contribution to Employee's pension account. The entire amount of the employer's contribution will be first included in the salary of the employee and then deduction u/s 80CCD(2) will be allowed.
Contribution of	Employee	Own	Employer
Amount of Deduction	Salaried Individual - 10% of salary (subject to section 80CCE) Self Employed Individual - 20% of Gross Total Income (subject to section 80CCE)	Rs. 50,000/-. irrespective of whether a deduction is allowed under 80CCD(1).	In case of the employer is Central Government - Maximum 14% of Salary In case of other employers - Maximum 10% of Salary
Proofs required: Copy of the stamped deposit receipt, paid during current financial year			

and copy of the Passbook with clear mention as NPS (National Pension System) Account.

Section 80CCE: Ceiling limit for deductions under section 80C, 80CCC and 80CCD(1) with effect from A.Y. 2019-20



Section	Investment/ Contribution	Ceiling Limit
80C	Specified Investments	Rs. 1,50,000/-
80CCC	Contribution to certain pension funds	Rs. 1,50,000/-
80CCD(1)	Contribution to NPS of Government	<p>Individual employed by</p> <ul style="list-style-type: none"> ↙ Central Government on or after 01/04/2004 ↘ Any other employer <p style="text-align: center;">↓ ↓</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">10% of Salary</div> <p>Any Other Individual - 20% of GTI</p>
80CCE	Aggregate Deduction under above sections	Rs. 1,50,000/-

Ceiling limits under other sections which are outside the limit of Rs. 1,50,000/- specified under section 80CCE is tabulated as below:



Section	Investment/ Contribution	Ceiling Limit
80CCD(1B)	Contribution to NPS of Central Government eg. Atal Pension Yojana.	Rs. 50,000/-
80CCD(2)	Contribution by the employer to NPS of Central Government	In case of the employer is Central Government - 14% of Salary In case of other employers - Maximum 10% of Salary

80D - Deduction in respect of medical insurance premium

Expenditure

The following expenditure should be incurred:

- Mediclaim Premium
- Contribution to Central Government Health Scheme
- Preventive Health Check up
- Medical Expenditure (Only applicable in case of a Very Senior Citizen not having medical insurance)

The expenditure can be incurred by the assessee being:

Individual: for self, spouse, dependent children & parents.

Amount of Deduction

For Individuals paying for Self, Spouse & Dependent Children: Rs. 25,000/-

An additional Deduction is allowed if paid for by Parents: Rs. 25,000/- (If one of the parents are senior citizen or very senior citizen then Rs. 50,000/-). The deduction for Preventive Health check up should not exceed Rs. 5000/- however, this limit is not in addition to the above limit of Rs. 25,000/- or Rs. 50,000/-.

Mode of Payment:

Any mode other than Cash. However, cash is allowed in the case of a Preventive Health Checkup.

Proofs: Copy of premium receipt paid during the Financial Year can be submitted. You can also submit receipt(s) that are paid towards health-checkups.

Section 80DDB - Deduction for expenditure incurred on medical treatment

Conditions:

- The expenditure should be incurred for the medical treatment of the specified disease or ailment.
- The Assessee should furnish a prescription for such medical treatment from a neurologist, an oncologist, a urologist, a hematologist, an immunologist or any other specified specialist.

Amount of Deduction

The amount of deduction is:

- Senior Citizen - Rs. 1,00,000/-
- Other than above - Rs. 40,000/-

The amount of deduction will be reduced by the amount recovered through insurance or reimbursed by the employer for the medical treatment of the assessee or dependent.

Meaning of "Dependent": Individual - Spouse, children, parents, brother or sister of Individual who is wholly or mainly dependent on such Individual.



80TTA - Deduction in respect of interest on deposits in savings accounts

Conditions:

- Earn Interest from Savings Bank Account Up to Rs. 10,000/-

Amount of Deduction:

- Amount of Interest earned or Rs. 10,000/- whichever is less.

Note:

- Interest on bonds, partner's capital, FD interest, Sweep TD interest, etc. are not eligible for this deduction.

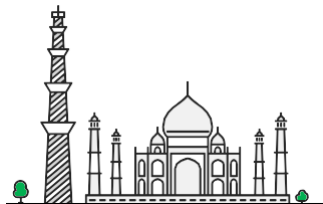


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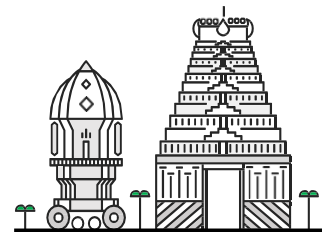
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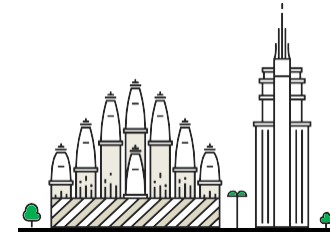
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