



RAMA UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: B.COM III SEM.

SUBJECT: Direct Tax Laws and Practice

SUBJECT CODE: BCH 302

LECTURE: 26

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LECTURE-26



Unit-3

DEDUCTIONS FROM GROSS TAXABLE INCOME

Deductions on Section 80C, 80CCC, 80CCD & 80D

Deductions allowed under the income tax act help you reduce your taxable income. You can avail the deductions only if you have made tax-saving investments or incurred eligible expenses. There are a number of deductions available under various sections that will bring down your taxable income. The most popular one is section 80C of Chapter VIA. Other preferred deductions under chapter VIA are 80D, 80E, 80G, 80DDB and so on. In this article, let us discuss some of the important deductions under chapter VIA that a taxpayer can claim.



1. Section 80C

Deductions on Investments

You can claim a deduction of Rs 1.5 lakh your total income under [section 80C](#). In simple terms, you can reduce up to Rs 1,50,000 from your total taxable income, and it is available for individuals and HUFs.

If you have paid excess taxes, but have invested in LIC, PPF, Mediciam, paid your children's

tuition fees etc. and have missed claiming a deduction for the same, you can do so while [filing your Income Tax Return](#). The Income Tax Department will refund the excess money to your bank account.

2. Section 80CCC – Insurance Premium

Deduction for Premium Paid for Annuity Plan of LIC or Other Insurer

[Section 80CCC](#) provides a deduction to an individual for any amount paid or deposited in any annuity plan of LIC or any other insurer. The plan must be for receiving a pension from a fund referred to in Section 10(23AAB). Pension received from the annuity or amount received upon surrender of the annuity, including interest or bonus accrued on the annuity, is taxable in the year of receipt.

3. Section 80CCD – Pension Contribution

Deduction for Contribution to Pension Account

a. Employee's contribution under [Section 80CCD \(1\)](#)

You can claim this if you deposit in your pension account. Maximum deduction you can avail is 10% of salary (in case the taxpayer is an employee) or 20% of gross total income (in case the taxpayer being self-employed) or Rs 1.5 lakh – whichever is less.

b. Deduction for self-contribution to NPS – section 80CCD (1B) A new section 80CCD (1B) has been introduced for an additional deduction of up to Rs 50,000 for the amount deposited by a taxpayer to their NPS account

c. Employer's contribution to NPS – Section 80CCD (2) Claim additional deduction on your contribution to employee's pension account for up to 10% of your salary. There is no monetary ceiling on this deduction.