



RAMA UNIVERSITY

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: B.COM III SEM.

SUBJECT: Direct Tax Laws and Practice

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LECTURE: 27

NAME OF FACULTY: DR. PALASH BAIRAGI

LECTURE-27



Unit-3

DEDUCTIONS FROM GROSS TAXABLE INCOME

4. Section 80 TTA – Interest on Savings Account

Deduction from Gross Total Income for Interest on Savings Bank Account

If you are an individual or an HUF, you may claim a deduction of maximum Rs 10,000 against interest income from your savings account with a bank, co-operative society, or post office. Do include the interest from savings bank account in other income.

[Section 80TTA](#) deduction is not available on interest income from fixed deposits, recurring deposits, or interest income from corporate bonds.

5. Section 80GG – House Rent Paid

Deduction for House Rent Paid Where HRA is not Received

- a. [Section 80GG](#) deduction is available for rent paid when HRA is not received. The taxpayer, spouse or minor child should not own residential accommodation at the place of employment
- b. The taxpayer should not have self-occupied residential property in any other place
- c. The taxpayer must be living on rent and paying rent
- d. The deduction is available to all individuals

Deduction available is the least of the following:

- a. Rent paid minus 10% of adjusted total income
- b. Rs 5,000/- per month
- c. 25% of adjusted total income*

*Adjusted Gross Total Income is arrived at after adjusting the Gross Total Income for certain deductions, exempt income, long-term capital gains and income related to non-residents and foreign companies.

An online e-filing software like that of ClearTax can be extremely easy as the limits are auto-calculated. So, you do not have to worry about making complex calculations.

From FY 2016-17 available deduction has been raised to Rs 5,000 a month from Rs 2,000 per month.

6. Section 80E – Interest on Education Loan

Deduction for Interest on Education Loan for Higher Studies

A deduction is allowed to an individual for interest on loans taken for pursuing higher education. This loan may have been taken for the taxpayer, spouse or children or for a student for whom the taxpayer is a legal guardian.

80E deduction is available for a maximum of 8 years (beginning the year in which the interest starts getting repaid) or till the entire interest is repaid, whichever is earlier. There is no restriction on the amount that can be claimed.

7. Section 80EE – Interest on Home Loan

Deductions on Home Loan Interest for First Time Home Owners

Deductions-Summary

Section 80 Deduction Table

Section	Deduction on	Allowed (maximum) FY 2018-19	Limit FY 2018-19
80C	Investment in PPF – Employee's share of PF contribution – NSCs – Life Insurance Premium payment – Children's Tuition Fee – Principal Repayment of home loan – Investment in Sukanya Samridhi Account – ULIPS – ELSS – Sum paid to purchase deferred annuity – Five year deposit scheme – Senior Citizens savings scheme – Subscription to notified securities/notified deposits scheme – Contribution to notified Pension Fund set up by Mutual Fund or UTI.	Rs. 1,50,000	

Section	Deduction on	Allowed (maximum) FY 2018-19
	<ul style="list-style-type: none"> – Subscription to Home Loan Account scheme of the National Housing Bank – Subscription to deposit scheme of a public sector or company engaged in providing housing finance – Contribution to notified annuity Plan of LIC – Subscription to equity shares/ debentures of an approved eligible issue – Subscription to notified bonds of NABARD 	
80CCC	For amount deposited in annuity plan of LIC or any other insurer for a pension from a fund referred to in Section 10(23AAB)	-
80CCD(1)	Employee's contribution to NPS account (maximum up to Rs 1,50,000)	-
80CCD(2)	Employer's contribution to NPS account	Maximum up to 10% of salary
80CCD(1B)	Additional contribution to NPS	Rs. 50,000
80TTA(1)	Interest Income from Savings account	Maximum up to 10,000
80TTB	Exemption of interest from banks, post office, etc. Applicable only to senior citizens	Maximum up to 50,000
80GG	For rent paid when HRA is not received from employer	Least of : – Rent paid minus 10% of total income – Rs. 5000/- per month

Section	Deduction on	Allowed (maximum) FY 2018-19	Limit FY 2018-19
			– 25% of total income
80E	Interest on education loan	Interest paid for a period of 8 years	
80EE	Interest on home loan for first time home owners	Rs 50,000	
80CCG	Rajiv Gandhi Equity Scheme for investments in Equities	Lower of – 50% of amount invested in equity shares; – Rs 25,000	or
80D	Medical Insurance – Self, spouse, children Medical Insurance – Parents more than 60 years old or (from FY 2015-16) uninsured parents more than 80 years old	– Rs. 25,000 – Rs. 50,000	
80DD	Medical treatment for handicapped dependent or payment to specified scheme for maintenance of handicapped dependent – Disability is 40% or more but less than 80% – Disability is 80% or more	– Rs. 75,000 – Rs. 1,25,000	
80DDB	Medical Expenditure on Self or Dependent Relative for diseases specified in Rule 11DD – For less than 60 years old – For more than 60 years old	– Lower of Rs 40,000 or the amount actually paid – Lower of Rs 1,00,000 or the amount actually paid	

Section	Deduction on	Allowed (maximum) FY 2018-19	Limit FY 2018-19
80U	Self-suffering from disability : – An individual suffering from a physical disability (including blindness) or mental retardation. – An individual suffering from severe disability	– Rs. 75,000 – Rs. 1,25,000	
80GGB	Contribution by companies to political parties	Amount contributed (not allowed if paid in cash)	
80GGC	Contribution by individuals to political parties	Amount contributed (not allowed if paid in cash)	
80RRB	Deductions on Income by way of Royalty of a Patent	Lower of Rs 3,00,000 or income received	