



CARDAMOM PLANTERS' ASSOCIATION COLLEGE

(Re-accredited with 'B' Grade by NAAC)

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PG and research department of commerce

**Deduction to be made from gross
total income while computing total
income**



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General Principles for Deductions from Incomes [Sec. 80A]

1. From gross total income, deductions shall be allowed under sections 80C to 80U.
2. The aggregate amount of deductions under Section 80C to 80U shall not exceed the gross total income.

However, deductions are not allowed against short-term capital gains specified in Sec 111A and long-term capital gain.

3. If an association of persons or a Body of individuals is entitled to any of the deductions specified in Section 80C, 80D, 80E, 80F, 80G, 80H, 80I, 80IA, 80IB, 80IC and 80IE, a member of the association of persons is not entitled to claim such deduction again in his own assessment in respect of his share in the income of the association of persons. This is to prevent duplication of deductions.

4. When deduction under sections 10A or 80B to 80BIB have been claimed and allowed against the income specified in these sections for any assessment year, the deduction in respect of such profits and gains shall not be allowed under any other provisions of the Act.

5. When the assessee fails to make a claim in his return of income for any deduction in sections provisions in 4, the deduction shall be allowed to him thereunder.

Deductions in respect of Certain Payment

1) Deduction in respect of life insurance premium, contribution to provident fund etc.

(A) Assessee entitled to deduction:

(a) an individual; or (b) a Hindu undivided family.

(B) Quantum of deduction: up to ₹ 1,50,000

(C) Eligible payments and deposits:

(a) In case of an individual:

Any sum paid or deposited in the previous year by an individual:

(1) To effect or to keep in force an insurance on the life of self, spouse or his or her children;

(2) To effect or to keep in force a contract of annuity on the life of self, spouse or his or her children; provided, that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity.

(3) As contribution by an individual to any provident fund to which the provident funds Act, 1948 applies;

(4) As a contribution to public provident fund, where such contribution is to an account standing in the name of self, spouse or his or her child.

(5) As a contribution by an employer to a recognized provident fund.

(6) As a contribution by an employer to an approved superannuation fund.

(b) In the case of Hindu Undivided

family

Deduction shall be allowed in respect of the following sum paid in the previous year by the family:

(1) Premium paid for insurance on the life of any member of the family

(2) Contribution given to public providing fund in the name of any member of the family.

(3) Subscription to the notified societies of the Central Government or a notified department.

(4) Contribution for participated in the unit linked Insurance plan, 1971 of unit of India

(5) Contribution for participation in notified unit linked Insurance plan of the LIC Mutual fund

(6) Sum paid to effect or to keep in force a contract for such terming plan of LIC of India or any other insurance as the Central Government may notify.

The deduction to up to ₹ 50,000 U/S

80CCD(1B) is in addition to the overall limit ₹ 1,50,000 provided U/S 80CCE.

The amount contributed by the employer in pension scheme [U/S 80CCD(2)] shall not be included in ₹ 1,50,000 limit.

(v) Deduction in respect of Medical Insurance Premium who is entitled to deduction

- (1) An individual
- (ii) A Hindu undivided Family.

1. Individual

(a) For self and family up to ₹ 25,000

(b) For parents - additional deduction up to ₹ 25,000 if in (a) or (b) there is a senior citizen

2. Hindu undivided family

Deduction shall be allowed in respect of the following sum paid in the previous year by the family:

(a) Medical Insurance premium for the members of the family up to ₹ 25,000

(b) Of any member of the family is a senior citizen up to ₹ 25,000

(VI) Deduction in respect of maintenance including medical treatment of a dependent who is a person with Disability [Sec 80DD] who is entitled to a resident individual and Hindu undivided family.

When the condition of disability requires maintenance of the dependent after a period stipulated in the certificate, a new certificate shall be obtained from the medical authority in the prescribed form and a copy thereof should be furnished along with the return to income. It covers both the deduction shall be furnished along with the deduction shall be allowed under this section.

(VII) Deduction in respect of Medical Treatment, etc.

It provides for a deduction in respect of dependent individual, or a resident Hindu or undivided family for expenditure wholly or partly on the medical treatment of individual himself or a dependent or any member thereof or Hindu undivided family in respect of diseases or ailments which may be specified

[Section 80DDE]

In the case: [Section 80DDE]
Spinal disease (Rule 100D)
Neurological disease, Cancer, AIDS, Chronic renal failure, Hemophilia, Prostate cancer.

(VIII) Deduction in respect of Interest on loan taken for higher education

An individual is entitled to a deduction of the amount paid by him in the previous year by way of interest on loan taken by him from any financial institution or an approved credit institution for the purpose of pursuing his higher education or for the purpose of higher education of his relative.

The deduction will be allowed for the previous year in which the amount starts paying the interest and runs exceeding two years or until the interest is fully paid (whichever is earlier) by the assessee. (Section 80E)

(ix) Deduction in respect of interest on loan taken for residential house property.

Who is entitled to deduction? An individual:

Deduction regarding Interest on loan taken for residential house property.

Quantum of deduction: upto ₹ 50,000 every year till the repayment of the loan continues. Condition of deduction:

1) The loan has been sanctioned by the financial institution between 1-4-2016 and 31-3-2017.

2) The amount of loan sanctioned for acquisition of the residential house property does not exceed ₹ 20 lakh.

3) The value of house property does not exceed ₹ 50 lakh.

4) The borrower does not own any residential house property on the date of sanction of the loan.

When a deduction under this section is allowed for such interest, deduction shall not be allowed in respect of such

interest under any provision of the Act for the year or any other financial year. [Section 80EE]

(x) Deduction in respect of interest on loan taken for residential house property

Who is entitled to deduction: An individual: provided he is not eligible for deduction u/s 80EE

Deduction regarding: Interest on loan taken for residential house property.

Quantum of deduction: upto ₹ 1,50,000 every year till the repayment of loan continues. Condition of deduction:

1) The loan has been sanctioned by the financial institution between 1-4-2019 and 31-3-2023

2) The stamp duty value of the house property on the date of sanction of the loan.

3) The borrower does not own any residential house property on the date of sanction of the loan. When a deduction under this section is allowed for such interest, deduction shall not be allowed in respect of such interest under any other provision of the Act for the same

On any other assessment year. [Section 80EEB]

(7A) Deduction in respect of interest on loan taken to purchase electric vehicle

Who is entitled to deduction An individual:

Deduction regarding: Interest on loan taken for electric vehicle.

Quantum of deduction: upto ₹1,50,000 during year till the repayment of loan continues.

Condition for deduction:

The loan has been sanctioned by the financial institution between 1-4-2019 and 31-3-2023 when a deduction under this

section is allowed for such interest, deduction shall not be allowed in respect of such

interest under any other provision of the act to the same or any other assessment

year [Section 80EEB]

(X1) Deduction in respect of donations to certain funds, charitable, institutions etc.

This section allows a deduction

in respect of amounts given as charitable donation and it is allowed to all

[Section 80B]

Applies to various.

When the amount of donation by donor who does not claim to donation by donor.

[Section 80B]

The donation can be classified as under:

(i) No limit donation, i.e., the whole amount available for the deductor.

Such donation can further be classified as (i) deduction allowed @ 100% of qualifying amount; and

(ii) deduction allowed @ 50% of qualifying amount.

(a) With limit donation i.e., the qualifying amount for deduction shall not exceed 10% of gross total income after reducing the following:

(a) Short-term capital gain specified in section 11A;

(b) Long-term capital gain;

(c) Deduction under section 80C to 80D except

U/s 80C.

Such donation can further be classified as:

(i) Deduction allowed @ 100% of qualifying amount.

ii) Deduction allowed @ 50% to qualifying amount.

(A) No limit donation where deduction is allowed @ 100% as under:

(1) The National Disaster Fund set-up by the Central Government; or

(2) The Prime Minister's National Relief Fund; or

(3) The Prime Minister's Armanya, Swasthakra, Shalee Fund; or

(4) The Prime Minister's Shiksha Armanya and Shalee Shiksha Armanya fund.

(5) The Armanya (Public Contribution - India) Fund.

(b) The National Foundation for Communal Harmony

(c) A University or educational institution or national emblem as may be approved by the prescribed authority in this behalf.

(8) The Maharashtra Chief Minister Relief Fund or Chief Minister's Swasthakra Relief Fund Maharashtra.

(9) The National Blood Transfusion Council or any State Blood Transfusion Council.

(10) The National War Veterans Fund.

(B) No limit donation where the deduction is allowed @ 50% as under:

(1) Tagore Lal Nehru Memorial Fund;

(2) Prime Minister's Durgam Relief Fund;

(3) Indira Gandhi Memorial Trust;

(4) Rajiv Gandhi Foundation.

(c) with limit donation where the deduction is allowed @ 50% to qualifying amount:

(1) The government or any local authority to be utilized for any charitable purpose other than the purpose of promoting family planning.

(2) Any corporation established by the central government or any State Government for promoting or welfare of the members of the minority community.

(3) with limit donations where the deduction is allowed @ 50% to qualifying amount:

(i) The government or any local authority to be utilized for any charitable purpose other than the purpose of promoting family planning.

Planning for or welfare of the people.

ii) Any other fund or any institution which is established in India for a charitable purpose,

iii) Any authority constituted in India by or under any law enacted either for the purpose of dealing with the salubrious the need for housing accommodation or for the purpose of planning development or improvement of cities, towns and villages or for both; or

iv) Any corporation established by the central government or any state government for promoting the interest of members of the minority community; or

v) The sum paid by the revenue in the Privileges given as remuneration for the invention or repairs to any other race which is notified by the central government in the official Gazette to be of historic, scientific or technological or scientific importance or to be a place of public worship or

curtain throughout any state or states
Step by step procedure of calculating deduction
U/s 80B:

1) Add up all approved donation U/s 80C.

2) Find out the maximum limit of qualifying amount by calculation 10% of G.T.I. less

1) deduction U/s 80C to 80D except U/s 80B;

(ii) LTCs (iii) STCs U/s 11B.

3) The qualifying amount then with limit deduction will be subtracted to the limit determined as per (2) above.

4) Add to the amount determined under (4) the total of all donations which qualify without limit.

5) The aggregate amount as per (4) shall be the total qualifying amount.

6) From the figure received at (5), above, pipe out the remaining which are 100% deductible and total them up

(1) Subtract the total of (6) from the total of (5) and kind out the difference.

(8) On the figure obtained in (7) kind out 15% of it.

(9) Add the amount as per (6) and as per (8); the resultant figure is the amount of deduction allowable under Section 80G.

(10) Deduction in respect of rent paid

An employer who is not in receipt of house rent allowance from his employer or a self-employed person can claim relief under section 80G in respect of rent paid by him towards premises occupied by him

incidental accommodation occupied by him

Reduction: least of the following

amounts shall be allowed as a deduction

under this Section: [Sec 80G(b)]

i) Excess of rent paid over 10% of

Total Income or 5% of Total Income.

ii) 85% of Total Income.

iii) ₹ 500 p.m

The total income for this purpose means gross total income after deducting the deductions allowable u/s 80C to 80U

i) The amount, the spouse or minor child or the H.U.F. of which he is a member does not own any residential house where the play is conducted

occurs or performs duties to his office or employment or carries on his business or profession or is engaged in any other

(XIII) Reduction in respect of certain

donations for scientific research or social development (Section 80G(b)(ii))

any person who has been approved by the Government for the purpose of this section