DEDUCTIONS ALLOWED UNDER CHAPTER VI- A

RECENT AMENDMENTS IN BUDGET 2018

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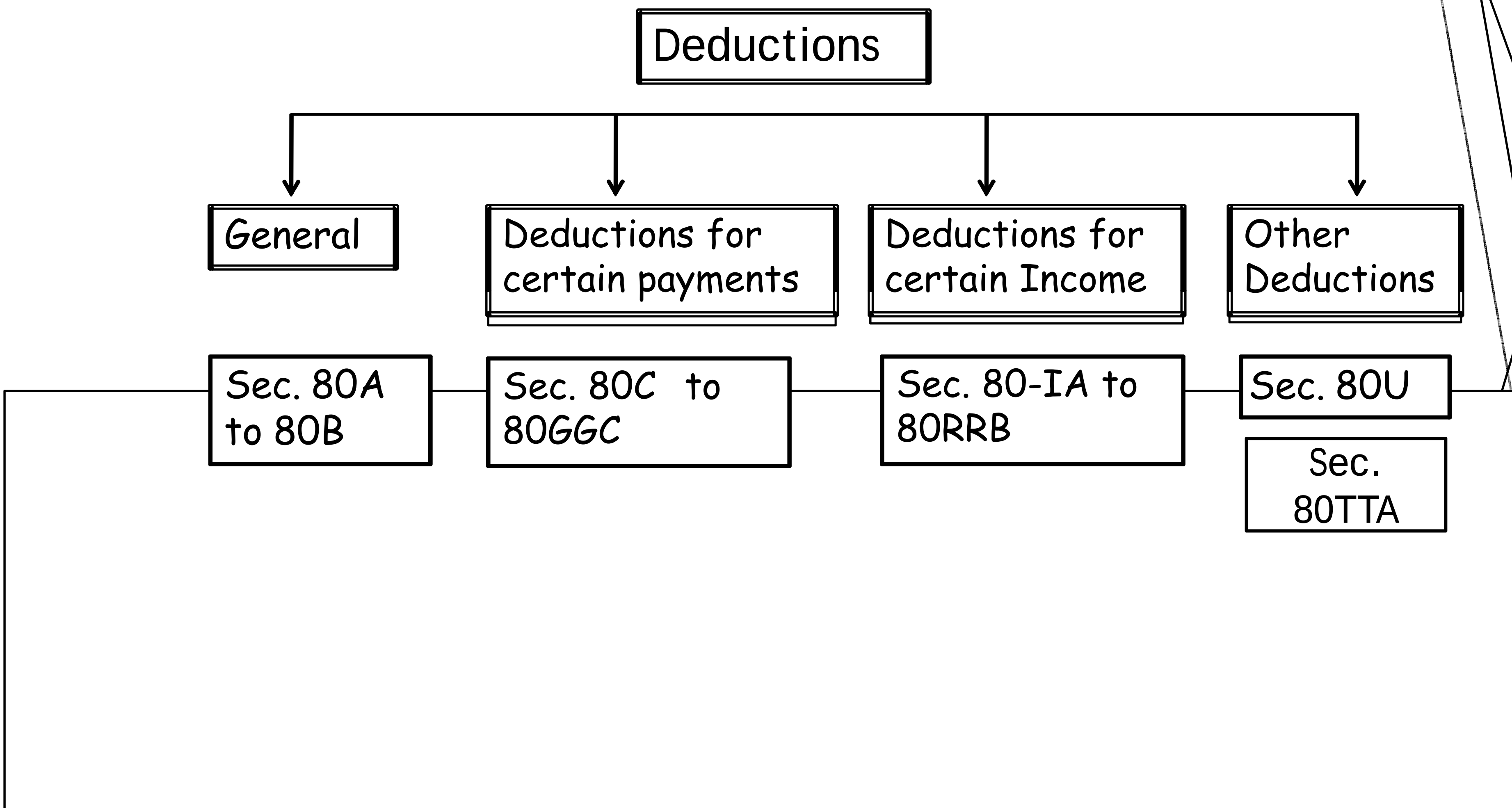
WHAT ARE THESE
DEDUCTIONS????
?


Deductions
General
Deductions for certain payments
Deductions for certain Income
Other Deductions
Sec. 80A to 80B
Sec. 80C to 80GGC
Sec. 80-IA to 80RRB
Sec. 80U
Sec. 80TTA

INTRODUCTION

Indian tax laws contain certain provisions, which are intended to act as an incentive for achieving certain desirable socio-economic objectives. These provisions are contained in Chapter VIA and are in the form of deductions (80C to 80U) from the Gross Total Income. By reducing the chargeable income, these provisions reduce the tax liability, increase the post tax income and thus induce the tax payers to act in the desired manner.

COMPUTATION OF NET INCOME

- The aggregate of income under each head is known as "GROSS TOTAL INCOME". Certain deductions which are not deductible under any particular head of income are allowed out of Gross Total Income to arrive at the Total ncome liable to tax.

otal Income is computed as under:

- 1. Income from Salaries ______________
- 2. Income from House Property ______________
- 3. Profits & Gains from Business & Profession ______________
- 4. Income from Capital Gains ______________
- 5. Income from Other Sources ______________

ROSS TOTAL INCOME ______________

ess: Deduction under Chapter VI-A ______________

OTAL INCOME ______________

BASIC RULES

Gross Total Income is computed after giving effect to the provisions for clubbing of incomes and set off of losses, but before making any deductions under Chapter VI A of the Act.

The aggregate amount of deductions under Chapter VIA can not exceed the Gross Total Income (GTI) (GTI after excluding long term capital gains, short term capital gain under section 111A), winnings from lottery, crossword puzzles etc.

These deductions are allowed only if the assessee claims while filing return of income and gives proof of such investments.

Tax Saving Sections

Below is the list of all Tax Saving Sections available for Individuals in India

Investments & Expenditure

Maximum Rs 1.5 Lakh Deduction for Income Tax combining these 3 Sections

Section 80C

PPF, ELSS, FD, Tuition Fees etc.

Section 80CCC

Pension Products

Section 80CCD

Central Government Employee Pension Scheme

NPS

Section 80CCD(1B)

Additional exemption of Rs 50,000 for investment in NPS

Section 80C/ 80CCC/ 80CCD

- ❖ Following options are available for deduction under sec 80C/80CCC/80CCD
- ❖ The maximum deduction combining all these investments/ expenditures is Rs 1.5 lakh

Investment Options (Debt)	Provident Fund EPF/ VPF)	Public Provident Fund (PPF)	Sukanya Samriddhi Account	NSC	SCSS	Tax Saving Fixed Deposits (for 5 Years)
Investment Options (Others)	Life Insurance Premium	Pension Plan from Mutual Funds	Pension Plans from Insurance Companies	New Pension Scheme (NPS)	Tax Saving Mutual Funds (ELSS)	Central Govt. Employees Pension Scheme
Expenditures	Principal Payment on Home Loan	Stamp duty and registration cost of the House	Tuition Fee for 2 Children			

All these options have been explained in details in subsequent slides.

EPF/VPF (Employee Provident Fund)

- ❖ EPF is mandatory for salaried employees working for companies with more than 20 employees
- ❖ Under EPF rules,you need to contribute 12% of your Basic pay + DA to EPF
- ❖ The employer matches this EPF contribution
- ❖ You have option to put up to 100% of Basic pay + DA to EPF.This is known as Voluntary Provident Fund (VPF)
- ❖ The employer is NOT required to **match** yourVPF contribution

The Good

- The interest earned on EPF/VPF is Tax Free
- Can take loan against EPF and also do partial withdrawal under certain conditions
- Convenient to invest as the amount is directly deducted from salary

The Bad

- Money is locked till your retirement
- The EPF interest rates are market linked and set by EPFO every year
- This option is only for salaried employees
- The withdrawal of EPF takes time

- You can opt for VPF by giving a request to your company at the start of every financial year
- Only your contribution in EPF and VPF is considered for Tax Deduction
- If you withdraw your EPF before 5 years the amount is taxable and also the earlier tax deduction claimed is nulled
- In case you change your job, you can transfer the previous EPF to your current employer

PPF (Public Provident Fund)

- ❖ PPF can be opened at Post Offices,24 Nationalized Banks and ICICI Bank
- ❖ Has mandatory locking of 15Years and can be extended further 5 years at a time
- ❖ Maximum InvestmentAllowed: Rs 1.5 Lakh perYear *(Budget 2014 increased this limit)*
- ❖ Minimum Investment of Rs 500 required every year to keep the account active
- ❖ Interest Rates paid on PPF are market linked onward hence would vary every quarter.

The Good

- The interest earned on PPF is Tax Free
- After opening the PPF account, investment can be done online every Year (for some banks)
- Can take loan against PPF and also do partial withdrawal
- It cannot be attached by court orders
- Highest Safety – backed by Govt. of India

The Bad

- Longer Locking period
- The PPF interest rates are market linked and hence would change every quarter
- HUFs and NRIs cannot open PPF Account

- Investment done till 5th of the month earns interest for the month. So deposit your money before 5th of month
- PPF can be opened on minors name with either parents as guardian
- The total investment in your PPF and the minor child PPF account (for whom you are guardian) should not exceed Rs1.5 lakh in a financial year

Sukanya Samriddhi Account (SSA)

- Sukanya Samriddhi Account is a new scheme by Government to promote all round development of Girl Child
- Can only be opened for Girl child below 10 years of age (max for 2 girl child by a parent)
- Deposit to the account to be made for 14 years and account matures at 21 years from date of opening
- Maximum Investment Allowed: Rs 1.5 Lakh per Year per account
- Minimum Investment of Rs 1,000 required every year to keep the account active
- Interest Rates paid are market linked & is reset every quarter.

The Good

- The interest earned on SSA is Tax Free
- 50% withdrawal allowed when girl turns 18 for marriage/higher education
- Highest Safety – backed by Govt. of India
- Investment can be done online

The Bad

- Longer Locking period
- The SSA interest rates are market linked and hence would change every quarter
- HUFs and NRIs cannot open SSA Account

- Documents Needed – Date of Birth proof for Girl Child, Your Identity and Address Proof
- Minimum deposit of Rs 1,000 needs to be made every year else penalty of Rs 50 is levied
- Account can be closed before 21 years in case of marriage
- Only resident Indians are eligible to open SSA account

NSC (National Saving Certificate)

- NSC is Tax saving Fixed Deposit Scheme from India Post
- It is available for 5 years (NSCVIII) – *10Year NSC has been discontinued from 2016*
- The interest is market linked and changes every quarter.
- There is no maximum limit for investment in NSC but the deduction is only till maximum of Rs 1.5 Lakh u/s 80C
- You can buy NSC in denominations of Rs 100, 500, 1000, 5000 and 10000

The Good

- NSCs can be kept as collateral security to get loan from banks
- No Tax deduction at source
- The interest accrued for NSC qualifies for Sec 80C deduction in subsequent years
- Highest Safety – backed by Govt. of India

The Bad

- You need to go to post office to invest and redeem. There is no online investment/ redemption facility
- Trust and HUF cannot invest

- NSC is better tax saving option than banks Tax Saving FD (offering similar interest) as interest accrued for NSC qualifies for Sec 80C deduction in subsequent years
- NSC would now be issued in form of Passbook rather than actual certificates

Senior Citizens Savings Scheme (SCSS)

- As the name suggests, SCSS is for senior citizens who are 60 years or above on the date of opening of the account. Also people with 55 years of age who have retired by VRS can open SCSS after 3 months of retirement
- Minimum Investment: Rs 1,000 while Maximum Investment: Rs 15 Lakhs
- The joint account can be opened only with your spouse. There is no age limit applicable for the joint account holder.
- The interest is paid out quarterly.
- No partial withdrawal is permitted before 5 years. The account may be extended for a further period of 3 Years

The Good

- The interest is paid quarterly to the saving account, hence can serve as regular income for retired
- Redemption on maturity comes directly to your bank account or through post dated cheques
- The SCSS carries a sovereign guarantee for principal and interest payments. So it is the safest investment

The Bad

- The interest from SCSS is taxable
- Bank would deduct TDS if the total interest in a year is over Rs 10,000
- NRIs and HUF are not eligible to open an account

- You can open SCSS with Post offices, 24 nationalized bank or ICICI bank
- SCSS account can be closed after 1 Year (with penalty) but in case you have availed Sec 80C benefit, it would be reversed
- If your income is not taxable, you can provide form 15H or 15G so that banks don't cut TDS
- Any retired Defense Services personnel is eligible for SCSS irrespective of his age

Tax Saving FD from Banks/ Post Offices

- ❖ These are like normal Fixed Deposit with banks but is labeled as "Tax Saving FD" while making the deposit
- ❖ Has minimum tenure of 5Years.Some banks offer special schemes for longer tenures with higher interest rates
- ❖ Some banks offer 0.25% to 0.50% additional interest for Senior Citizens and their employees
- ❖ As of today banks are offering 6.5% -7.0% for general public and additional 0.25% - 0.5% for Senior Citizens

The Good

- Convenient to invest. Many banks offers online facility for Tax Saving FD
- Redemption on maturity comes directly to your bank account
- High Safety - FD up to Rs1 Lakh is insured by RBI

The Bad

- The interest earned is taxable
- Cannot be withdrawn prematurely
- Cannot be pledged to secure loan or as security

- The Post Office Time Deposit Account (which is FD offered by Post Office) of 5 Years maturity also qualifies for 80C deduction. Its offering 7.7%
- Don"t be mislead by banks advertisements about their yield on Tax Saving FDs.Those are
manipulative calculations
- Be cautious of small co-operative banks as they have higher risk than bigger private and public sector banks

Life Insurance

❖The only product you should consider from Life Insurance companies is – **Term Plan**

❖The sum assured on death should be at least 10 times the annual premium

❖This limit is altered only in special cases of disability (the premium should be 15% or less of sum assured)

❖Buy insurance only if you have dependents.! Do not buy insurance to save tax! There are plenty of better ways to save taxes

- Your life insurance should be adequate to replace your income
- This roughly turns out to be 7 to 10 times your present annual income
- This might vary widely based on your assets, liabilities and situation

- Online Term Plans are cheaper than products sold by agents. So if you are comfortable with online purchasing go for it
- Never hide anything from insurance companies.A wrongly stated fact might deny insurance to your dependents when they need it most
- PPF along with Term Plans are better products than Endowment Plans. Similarly Mutual Funds with Term plans turn out better option than ULIPs
- The maturity proceeds of life insurance is tax free u/s 10(10)D, subject to certain conditions

Equity Linked Saving Scheme

- ELSS is popularly known as Tax Saving Mutual Fund
- The minimum investment is Rs 500
- There is no limit for maximum investment but the maximum deduction you get 1.5 Lakhs every year

The Good

- The gains on ELSS Fund is Tax Free
- Only investment option which can beat inflation
- Has the shortest locking period of 3 years
- ELSS can be bought and redeemed online

The Bad

- The returns are dependent on stock market. So its high risk investment. You might loose money at the end of 3 years

- Doing SIP (Systematic Investment Plan) in one or two ELSS Fund is the best way to invest
- Dividend Reinvestment option in ELSS has been discontinued from February 2015
- You should choose maximum of two funds for investing
- Research well before you invest in ELSS Fund
- You should try to invest directly to fund as this would give you 0.5% to 1% higher returns as compared to when you invest through broker

Stamp Duty & Registration Charges

❖Stamp duty and registration charges up to Rs 1.5 Lakh can be claimed for deduction u/s 80C

❖The payment should have been made in the same financial year for which the tax is being paid. i.e. the deduction cannot be carried forward to next year

❖The house should be in the name of assessee claiming deduction

❖The payment for stamp duty should have been made from his own funds

❖This benefit is available on purchase on new residential unit only

Tuition Fee

- The expenses on tuition fees for maximum of two children is eligible for deduction u/s 80C
- The maximum deduction available is Rs 1.5 Lakh
- The deduction is available for full time courses only
- The deduction is not available for tuition fee to coaching classes or private tuitions
- The educational institute should be located in India, though it may be affiliated to any foreign university

- The following expenses are not considered as tuition fees – Development Fee, Transport charges, hostel charges, Mess charges, library fees, Late fines, etc
- This deduction is not available for tuition fees for self or spouse

National Pension Scheme (NPS)

- ❖ NPS was introduced in April 2009 and has two types of Accounts – Tier 1 and Tier 2
- ❖ Tier 2 account is optional and only contribution to Tier 1 account is eligible for Tax Deduction u/s 80CCD
- ❖ Tier- 1 account requires a minimum investment of Rs 1,000 annually and Rs 500 per transaction
- ❖ Salaried employees can claim deduction up to 10% of your salary, which comprises basic + DA, while for self employed its capped capped at 20% of gross total income

The Good

- This is lowest cost Pension plan in the country
- You can choose your investment profile based on your risk. NPS can invest maximum of 50% in selected stocks.
- On death the entire amount is paid to the nominee

The Bad

- NPS is partially taxable at withdrawal
- The locking is till you are 60 years of age
- You can withdraw max of 60% at maturity and have to compulsorily buy annuity for min 40% corpus

- You should opt for 50% equity investment when young and slowly move to debt as you approach your retirement
- Budget 2015 has announced additional tax exemption of Rs 50,000 for investment in NPS u/s 80CCD(1B)

Pension Plans from Insurance Companies

❖Pension Plans from Insurance Companies Qualify for deduction under Sec 80CCC

❖There were few launches in Pension Plan space this year from life insurance companies

❖These are **very inefficient products , so you should stay away from these plans**

❖They generally have assured return in the range of 1-2% per annum, which is very low return. Savings accounts pay at least 4%

Wh... ...er buy these Pension Plans?

- Low Returns: They don‟t invest in equities, which is must for long term wealth creation
- If you want to surrender these, you loose a lot in terms of returns
- On surrendering, the tax benefit you claimed earlier, would be reversed and you would need to pay these taxes back
- On maturity, you cannot withdraw the entire corpus and have to compulsorily buy Annuity

- Don‟t invest in pension plans just by seeing their emotional advertisements. They are high cost products and would ruin our retirement planning
- PPF/ EPF & VPF turns out to be a better plan for retirement even for most risk averse investor
- NPS is also good alternative to these Pension plans

Home Loan: Interest & Principal

- ❖ Buying a house is one of the top most priority for most
- ❖ The good news is you get tax deduction on both principal and interest payment on your Housing Loan

- Home Loan
  - Principal
    - Deduction u/s 80C up to Rs 1.5 Lakh
  - Interest
    - Deduction u/s 24 up to Rs 2 Lakhs
    - Additional Deduction u/s 80EE up to Rs 50,000

Deduction on Principal Payment on Home Loan

❖Deduction up to Rs 1.5 Lakh is allowed on the principal repayment of the housing loan if the house is self occupied or vacant

❖The house should be registered in the name of assessee. (He should be one of the owners, in case of joint ownership)

❖The loan should be taken from Banks, NBFCs or respective employers. Loans taken from friends/ relatives does not qualify for this deduction

❖This deduction is available also to people with multiple properties

- The deduction is only available from the year of possession/ completion of the house
- All the benefit of tax u/s 80C will reversed if house property is sold within 5 year from purchase of house property

Home Loan: Interest & Principal

❖**Budget 2017 has capped the maximum deduction on "Income/Loss from House" to Rs 2 lakh** irrespective of the house being rented or self-occupied or number of houses

❖This would adversely impact people with more than one house who claimed unlimited tax deduction on interest payment for 2nd house

❖Section 24 covers "Loss/Gain from Housing Property"

❖For Sec 24, all the rent you receive from houses is your income while the interest paid on housing loan is considered as expense

❖So broadly speaking the (income – expense) subject to certain conditions is added to your income.

❖In case the interest paid is more than your rental income, the above calculation is negative and hence a deduction to your total income

- The deduction is only available from the year of possession/ completion of the house
- The Pre-EMI interest you pay before the completion of the house can be claimed as deduction in 5 equal installments starting from year the construction of the house completes
- You can claim benefit of both HRA and Home Loan together
- In case the Home Loan is taken before April 1, 1999 the deduction on interest is only Rs 30,000
- In case the house is not completed within 5 years (*enhanced from 3 yeas in Budget 2016*) of start of loan, the interest exemption for self-occupied home is capped at Rs 30,000 only

Home Improvement Loan: Interest

- ❖ Deduction up to Rs 30,000 is allowed on the interest payment for loan taken for Home Improvement
- ❖ Home improvement Loan can be taken for furnishing of new home or repairing, painting or refurnishing existing home
- ❖ The above limit is for self-occupied homes only
- ❖ This exemption is over and above the Rs 2 Lakh limit that you can claim for Home Loan interest
- ❖ No deduction is available for the principal portion of the repayment on home improvement loans

- If the loan for acquisition/construction was taken before April 1, 1999 - then the combined (interest paid on the loan taken for acquisition/construction and the loan taken for repair/renewal) limit for interest deduction stays at Rs.30, 000
- You can take loan of up to 80% of the cost of valuation of the home improvement work
- The maximum tenure of home improvement loan can go up to 10- 20 years depending on lending institution

FAQ on Section 80C of the Income tax Act

. Whether deduction under Section 80C is still available even if return of income is filed after ue date?

- **Ans**. As per existing provisions of Section 80AC of the Act, no deduction was admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE, unless the return of income by the assessee was furnished on or before the due date specified under Section 139(1).

- To bring uniformity in all income-based deduction, Finance Act 2018 has now extended the scope of section 80AC to all similar deductions which are covered under any other provisions of chapter VIA (sections 80 H to 80RRB) under the heading "C.—Deductions in respect of certain incomes" shall be allowed only if return is filed within due date specified under section 139 (1).

- This amendment will take effect, from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

FAQ on Section 80C of the Income tax Act

Can NRI's also avail the deduction benefit under Section 80C of Income Tax Act?

s. Yes. An NRI individual who is liable to pay tax under the Income Tax Act in India can also il deduction benefit under Sec. 80C of Income Tax Act.

On which source of income the deduction under Section 80C of Income Tax Act can not claimed?

s. Deduction under Sec. 80C can not be claimed on income arising out of the following sources:
Long Term Capital Gain as per Section 112 and Short Term Capital Gain as per Section111A and

ncome by way of winnings from lottery or crossword puzzle or race including horse race (not ng income from the activity of owning and maintaining race horses) or card game and other me of any sort or from gambling or betting of any form or nature.

FAQ on Section 80C of the Income tax Act

Which are the expenses allowed as deduction under Sec. 80C of Income Tax Act?

s. The following **expenses** are allowed as deduction under Sec. 80C of Income Tax Act:
Children's Tuition Fee Payment
Principal repayments on Loan for purchase of House Property
Stamp Duty and Registration Charges for a house

Can I claim deduction for premium paid on life insurance policy taken in the name of family members?

s.You can claim deduction for life insurance premium paid only if the policy is in the name of r own life, life of your spouse or your children. Child can be married/unmarried, pendent/independent, male/female or minor/major.

FAQ on Section 80C of the Income tax Act

. Can I claim deduction for premium paid on life insurance policy taken in the name of ny parents?

ns. No. Deduction under Sec. 80C is not available for the premium paid towards the life nsurance of parents.

. Who is eligible for claiming deduction under section 80C for payment of tuition fees?

ns.Deduction for payment of Tuition fees is available only to an Individual assessee and not to HUF assessee. The deduction is available for any sum paid as tuition fee for full time education f his/her children. The deduction can be claimed for the maximum of two children. Children shall nclude even adopted and step children.Furthermore, payment made for the education of imself/herself (Individual assesse) or spouse or any member of the HUF is not eligible for eduction under section 80C. There is no defined age limit of children for claiming deduction of uition fees. Tution fees paid to any university, college, educational institution in India for full time ducation.

FAQ on Section 80C of the Income tax Act

Which expenses are not deductible as tuition fees?

s. Following expense are not considered as deduction as tuition fees:

- Development fess, Donation, Hostel charges, Transportation charges, library fees of similar nature.
- No deduction for private tuition fees
- No deduction for distance learning education or part time educational courses.

If father and mother both are the taxpayers, who can claim the deduction?

s. The deduction can be claimed by the taxpayer who paid the tuition fees.

FAQ on Section 80C of the Income tax Act

Can HUF also claim deduction for contribution to Public Provident Fund?

ns. Yes. HUF can also claim deduction under Sec. 80C for contribution made to PPF account the name of its member(s). Please note that no new PPF account can be opened in the name a HUF.

When to make investments u/s. 80C?

ns. Investor should evaluate different investment options carefully before making investment ecision and should start investing right from the beginning of financial year. This will have two plications:

Firstly, it will enable the investor to take informed decisions.

Secondly, the investor will earn the return on investments for the entire year.

FAQ on Section 80CCC of the Income Tax Act

hat is the difference between section 80C and section 80CCC of the Income Tax Act , in terms of amount paid towards annuity plan of LIC or any other insurer?

Under section 80C amount can be paid from income not chargeable to tax but u/s 80CCC unt must be paid out of income chargeable to tax.*[Goutham Reddy v/s.Income-tax Officer, -2, Kottayam [2013] 34 taxmann.com 17 (Cochin - Trib.)*

an a non-resident Indian claim the deductions?

Yes, both residents and non-residents can claim deductions u/s 80CCC. However, an HUF is igible for this deduction.

an I claim section 80CCC deductions after exhausting the limit of section 80C ctions?

No. Section 80CCE says that there is an aggregate limit of Rs. 1.5 lakh on the deductions u/s 80CCC and 80CCD(1).

FAQ on Section 80CCC of the Income Tax Act

When to make investments u/s. 80CCC?

s. Deduction under section 80CCC can only be claimed in the year in which the amount has been d. For example, if taxpayer forgets to contribute to a pension scheme fund in the yr. 2013 and in 4 he pays the amount for both 2013 as well as 2014, he can not claim deduction under this tion in the year 2013. However, he can claim deduction in 2014 for the total amount paid in 2014.

Deduction for contribution to Pension Account

- a. Employee's contribution – Section 80CCD (1) is allowed to an individual who makes deposits to his/her pension account. Maximum deduction allowed 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, 50,000, whichever is less
- This is with a view to provide parity between a salaried employee and a self employed.

- 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. Contributions to Atal Pension Yojana are also eligible.

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

Tax Saving Sections

Health and Well Being

Section 80 D
Medical Insurance for Family and Parents
Deduction Up to Rs 60,000

Section 80DD
Maintenance & medical treatment of disabled dependent
Deduction Up to Rs 1.25 Lakh

Section 80DDB
Treatment of certain Disease/ Ailment
Deduction Up to Rs 80,000

Section 80U
Physically Disabled Assesse
Deduction Up to Rs 1.25 Lakh

Loans

Section 80E
Interest payable on Education Loan
No Limit for Deduction

Section 24
Interest payable on Housing Loan & Home Improvement Loan
Deduction Up to Rs 2 Lakh for Home Loan and Rs 30,000 for Home Improvement Loan

Section 80EE
Additional deduction up to Rs 50,000 for Interest Payable on Home Loan
For First time home buyers

Section 80D: Medical Insurance

❖Premium paid for Mediclaim/ Health Insurance for Self, Spouse, Children and Parents qualify for deduction u/s 80D

❖You can claim maximum deduction of Rs 25,000 in case you are below 60 years of age and Rs 30,000 above 60 years of age.

❖An additional deduction of Rs 25,000 can be claimed for buying health insurance for your parents (Rs 30,000 in case of either parents being senior citizens)

- ✓ This deduction can be claimed irrespective of parents being dependent on you or not
- ✓ This is not available for buying health insurance for in-laws.

❖HUFs can also claim this deduction for premium paid for insuring the health of any member of the HUF

- To avail deduction the premium should be paid in any mode other than cash
- Budget 2013 introduced deduction of Rs 5,000 is also allowed for **preventive health checkup** for Self, Spouse, dependent Children and Parents. Its continued to this FY too.
- This Rs 5,000 is within Rs 25,000 limit for Health Insurance

Section 80D of the Income Tax Act

/hat is the exemption limit for claiming deduction under section 80 D of the Income Tax Act?

Under Section 80D of Income Tax Act, 1961 an individual or HUF can avail deduction for payment of h insurance premiums &preventive health care expenses for self, spouse, dependent children and nts. The maximum deduction for AY 2018-19 is as follows:

nario	Self, Spouse and Dependent Children (Rs.)	Parents (Whether dependent or not) (Rs.)	Total (Rs.)
and Family	25,000	NA	25,000
and Family + parents	25,000	25,000	50,000
and Family + Senior en parents	25,000	30,000	55,000
(senior citizen) and ly + senior citizen parents	30,000	30,000	60,000

Section 80D of the Income Tax Act

). What is the limit for Deduction on preventive healthcare checkups?

ns. Along with aforementioned limit of Rs. 25,000 (or Rs. 30,000 in case of senior citizens), you an also claim expenses incurred for preventive health checkups up to Rs 5,000 every financial ear. This payment can be made through cash. The health checkup limit includes you and your amily members (dependent kids, spouse, and parents).The tax deduction limit of Rs 5,000 is not ver and above the tax limits explained earlier rather it can be claimed inclusive of the individual ax deduction limits under Section 80 D of the Income Tax Act.

). What are the modes of payment available for availing deduction under section 80D?

ns. The payment for medical insurance premium should be made through online banking, heque, debit card, credit card or a draft. The tax deduction is not allowed for payment of cash owards the premium.

). What is the eligible limit for claiming deductions from AY 19-20?

ns. Union budget 2018 has extended this benefit to senior citizens as well and increased the eduction limit from Rs 30,000 to Rs 50,000 (w.e.f AY 19-20).

Section 80D of the Income Tax Act

What are the exclusions in section 80D?

s. In order to get tax benefits u/s 80D, only the taxpayer must have to pay the health insurance miums and not any third party. The payment of premium should not be made through cash cept for the preventive health checkups.

ductions can only be claimed for premiums paid for dependent children. Premium paid for ning kids is excluded in this section.

Whether insurance premium paid for grandparents or grandchildren or in-laws are owed to claim?

s. No. under Section 80D of the Income Tax Act, you're allowed to claim a deduction of premium d for only the following relationships:

elf

pouse

ependent children (irrespective of the number)

arents (whether dependent or not)

Section 80D of the Income Tax Act

Whether insurance premium paid for multiple years qualify for deductions under ction 80D of the Act?

s. No. Let us understand with the help of an example. So, you purchase a health insurance cy today for which the yearly premium is Rs. 25,000 and pay for two years (i.e. this year & e year in advance). Now, you've paid Rs. 50,000 against which you will get Rs. 25,000 as luction for this financial year (which is the upper limit under Section 80D). So, though the urance is valid for next financial year as well, you'll not be able to claim balance deduction of 25,000 for the next financial year as you've not "paid" any premium in that year.

Whether deduction for payment of insurance premium can be claimed even if you ed to provide the details to your employer?

s. Yes, if you have paid premium till march 31, you can claim it yourself while filing income return. As a result of this, whatever extra TDS your employer has deducted due to non-usion of Section 80D deduction, you will be able to claim as a refund.

Section 80DD: Handicapped Dependents

❖In case you have dependent who is differently abled, you can claim deduction for expenses on his maintenance and medical treatment

❖You can claim up to Rs 75,000 or actual expenditure incurred, which ever is lesser. (The limit is Rs 1.25 Lakh for severe conditions)

❖Dependent can be parents, spouse, children or siblings.Also the dependent should not have claimed any deduction for self

40% or more of following Disability is considered for purpose of tax exemption

- Blindness and Vision problems
- Leprosycured
- Hearing impairment
- Locomotor disability
- Mental retardation or illness

Deductions are permissible in either of the following cases

- Costs incurred for medical treatment, training or rehabilitation of a disabled dependent, including amount spent for nursing
- Amount paid towards an insurance scheme for the maintenance of your disabled dependent in case of your untimely death

- A severe disability condition is 80% or more of the disabilities
- Individuals would need disability certificate issued by state or central government medical board to claim deduction
- The life insurance policy should be on the tax payer name, with the disabled person as the beneficiary.
- In case the disabled dependent expires before you, the policy amount is returned back and treated as income for the year and is fully taxable.

Section 80DD Deduction for Rehabilitation of Handicapped Dependent Relative

Who can claim the deduction under section 80DD ?

. Deduction under Section 80DD of the income tax act is allowed to Resident Individuals or s for a dependent-who is differently abled **and**– is wholly dependent on the individual (or HUF) upport & maintenance.

What are the conditions to be satisfied to avail this deduction?

.Deduction is allowed for a dependent of the tax payer and not the tax payer himself.

The taxpayer is **not** allowed to take this deduction if the dependent has claimed a deduction under section 80U for himself/herself.

Dependent in case of an individual taxpayer means spouse, children, parents, brothers & sisters of the taxpayer. In case of an HUF means a member of the HUF.

The taxpayer has incurred expenses for medical treatment (including nursing), training & rehabilitation of the differently abled dependent or the tax payer may have deposited in a scheme of LIC or another insurer for maintenance of the dependent

Disability of the dependent is not less than 40%.

Disability is as defined under section 2(i) of the Persons of Disabilities Act, 1995

Section 80DD Deduction for Rehabilitation of Handicapped Dependent Relative

. Which are the expenses eligible for Deduction under Section 80DD?

ns. Any expenditure made towards medical treatment, nursing, training, rehabilitation of a ependent person with disability.

- Any amount paid as premium for a specific insurance policy designed for such cases. The policy must satisfy the conditions mentioned in the law.
- If the disabled dependent predeceases the person claiming deduction under this section, then an amount equal to the amount of premium paid shall be considered to be the income of the claimer for previous year (i.e., the year in which such amount is received by the claimer / assessee) and shall be chargeable to tax.

. What is the amount of deduction allowed?

- i.Where disability is 40% or more but less than 80% – **fixed deduction of** Rs 75,000.
- ii. Where there is severe disability (disability is 80% or more) – **fixed deduction of** Rs 1,25,000.

o claim this deduction a certificate of disability is required from prescribed medical authority. From Y 2015-16 – The deduction limit of Rs 50,000 has been raised to Rs 75,000 and Rs 1,00,000 has een raised to Rs 1,25,000.

Section 80DDB: Treatment of Certain Diseases

❖Cost incurred for treatment of certain disease for self and dependents gets deduction for Income tax.

❖For very senior citizens the deduction amount is up to Rs 80,000; while for senior citizens it Rs 60,000 and for all others its Rs 40,000

❖Dependent can be parents, spouse, children or siblings. They should be wholly dependent on you.

Diseases Covered

- Neurological Diseases
- Parkinson"s Disease
- Malignant Cancers
- Aids
- Chronic Renal failure
- Hemophilia
- Thalassaemia

- A certificate from specialist from Government Hospital would be required as proof for the ailment and the treatment
- In case the expenses have been reimbursed by the insurance companies or your employer, this deduction cannot be claimed.
- In case of partial reimbursement, the balance amount can be claimed as deduction

Section 80DDB
Deduction for Medical Expenditure on Self or Dependent Relative

When deduction is allowed under section 80DDB?

Deduction under section 80DDB is allowed for medical treatment of a dependent who is suffering from a specified disease.

a. Can be claimed by an Individual or HUF

b. Allowed to Resident Indians

c. When taxpayer has spent money on treatment of the dependent

d. Dependent shall mean spouse, children, parents and siblings

e. In case the dependent is insured and some payment is also received from an insurer or reimbursed from employer, such insurance or reimbursement received shall be subtracted from the deduction.

Section 80DDB
Deduction for Medical Expenditure on Self or Dependent Relative

What is the amount of deduction allowed under section 80DDB?

From FY 2015-16 onwards (Assessment Year 2016-17)

40,000/- or the amount actually paid, whichever is less.

In case of senior citizen Rs, 60,000 or amount actually paid, whichever is less.

For very senior citizens Rs 80,000 is the maximum deduction that can be claimed.

From FY 2018-19 onwards (w.e.f AY 2019-20)

40,000/- or the amount actually paid, whichever is less.

In case of senior citizen Rs, 1,00,000 or amount actually paid, whichever is less.

Section 80E: Education Loan

- ❖The entire interest paid on education loan in a financial year is eligible for deduction u/s 80E
- ❖There is no deduction on principal paid for the Education Loan
- ❖The loan should be for education of self, spouse or children only
- ❖The loan should be taken for pursuing full time courses only
- ❖The loan has to be taken necessarily from approved charitable trust or a financial institution only

- The deduction is applicable for the year you start paying your interest and seven more years immediately after the initial year.
- So in all you can claim education loan deduction for maximum eight years.

Section 80E

Who is eligible to take deduction for repayment of interest on Education Loan?

s. Only an individual can claim deduction under section 80E for the repayment of interest on ucation loan provided that the loan was taken for the Higher Education of Self or Spouse or ldren or the student of whom the individual is the legal guardian.

What is the amount of deduction?

s. This deduction under Section 80E is over and above limit allowed under section 80C and re is no maximum limit for claiming this deduction. The deduction is available for a maximum iod of 8 years.

Whether deduction under 80E is qualified if loans are taken from friends or relatives?

s. No. Interest should have been paid on loan taken by him from any **financial institution** or / **approved charitable institution** for the purpose of pursuing his **higher education**.

Section 80EE: Deductions on Home Loan Interest for First Time Home Owners (applicable from AY 17-18 onwards)

What are the conditional requirements to avail tax benefit?

Deduction u/s 80EE is available if the following conditions are met:
1. The assessee is an individual.
2. Loan taken should from a financial institution – a bank or a housing financial company which must be sanctioned during the FY 2016-17.
3. The amount of loan sanctioned for residential house property does not exceed Rs.35 Lakhs.
4. The value of residential house property does not exceed Rs.50Lakhs.

5. The assessee does not own any residential house property on the date of sanction of loan.

What is the amount of deduction?

The deduction is applicable on availing loan where interest payment is subjected to get deducted with a maximum limit of Rs.50,000/-. Once claiming the deduction u/s 80EE, under any provision of the Act, no such deduction will be allowed for the same or any other assessment year.

Section 80U: Physically Disabled Assesse

❖Tax Payer can claim deduction u/s 80U in case he suffers from certain disabilities or diseases.

❖The deduction is Rs 75,000 in case of normal disability (40% or more disability) and Rs 1.25 Lakh for severe disability (80% or more disability)

Disabilities Covered

- Blindness and Vision problems
- Leprosy cured
- Hearing impairment
- Locomotor disability
- Mental retardation or illness
- Autism
- Cerebral Palsy

- A certificate from neurologist or Civil Surgeon or Chief Medical Officer of Government Hospital would be required as proof for the ailment.

Section 80U

Vhat is the main difference between Deduction u/s. 80U & Section 80DD?

s. 80DD deduction is in case of the dependent of the assessee whereas 80U deduction is in e of assessee himself.

Whether deduction amount u/s. 80U depends on amount of Expenditure?

s. This deduction amount is a lump-sum one, irrespective of how much you spend on dical treatment. Deduction could be claimed even for the year in which the certificate expires. yond this year, no deduction could be obtained till the certificate is renewed or a new one is ained.

Vhat is the procedure Involved to claim deduction under this section?

s. The assessee claiming a deduction under this section shall furnish a copy of the certificate ued by the medical authority in the form and manner, as may be prescribed, along with the urn of income under section 139, in respect of the assessment year for which the deduction is med.

ere the condition of disability requires reassessment, a fresh certificate from the medical hority shall have to be obtained after the expiry of the period mentioned on the original tificate in order to continue to claim the deduction.

Section 80U

Vhat Documents are required to claim deduction Under Section 80U?

s. To avail a deduction under Section 80*U*, no bills or receipts are required. What is required . valid certificate from a medical authority certifying the disability. Separate forms need to be d for mental illnesses and all other disabilities. For illnesses such as autism or cerebral palsy m number 10-IA additionally needs to be filled.

Vhich are the medical Authorities who can certify Under Section 80U?

s. The medical authorities who are deemed to certify are:

Neurologist with an MD in Neurology.

or children, a Paediatric Neurologist having an equivalent degree.

Civil Surgeon or Chief Medical Officer (CMO) of a government hospital.

Tax Saving Sections (Contd…)

Donations

Section 80G

Donation to certain charitable funds, charitable institutions, etc.

Section 80GGA

Donations for scientific research or rural development

Section 80GGC

Donation to political parties

Others

Section 80GG

For Paying Rent in case of no HRA

Deduction Up to Rs 60,000

Section 80TTA

Interest received in SavingAccount

Deduction Up to Rs 10,000

Donation to Approved Charitable Organizations

❖The government encourages us to donate to Charitable Organizations by providing tax deduction for the same u/s 80G

❖Some donations are exempted for 100% of the amount donated while for others its 50% of the donated amount

❖Also for most donations, the maximum exemption you can claim is limited to 10% of your gross annual income

0G Deduction?

- A signed & stamped receipt issued by the Charitable Institution for your donation is must
- The receipt should have the registration number issued by Income Tax Dept printed on it
- Your name on the receipt should match with that on PAN Number
- Also the amount donated should be mentioned both in number and words

- Only donations made to approved organizations and institutions qualify for deduction
- Only donations made in cash or cheque are eligible for deduction. Donations in kind like giving clothes, food, etc is not covered for tax exemption

Sec 80G: List of eligible Organizations

100% Exemption

1. National Defense Fund
2. Prime Minister's National Relief Fund
3. Prime Minister's Armenia Earthquake Relief Fund
4. Africa (Public Contributions-India) Fund
5. National Foundation for Communal Harmony
6. Approved university/educational institution
7. Chief Minister's Earthquake Relief Fund
8. Zila Saksharta Samiti
9. National Blood Transfusion Council
10. Medical Relief Funds of state govt
11. Army Central Welfare Fund, Indian Naval Ben. Fund,Air Force Central Welfare Fund.
12. National Illness Assistance Fund
13. Chief Minister's or Lt. Governor's Relief Fund
14. National Sports Fund
15. National Cultural Fund
16. Govt./ local authority/ institution/ association towards promoting family planning
17. Central Govt.'s Fund for Technology Development & Application
18. National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities
19. Indian Olympic Association/ other such notified association
20. Andhra Pradesh Chief Minister's Cyclone Relied Fund
21. National Fund for Control of Drug Abuse (NFCDA)
22. Swachh Bharat Kosh
23. Clean Ganga Fund

50% Exemption

1. Jawaharlal Nehru Memorial Fund
2. Prime Minister's Drought Relief Fund
3. National Children's Fund
4. Indira Gandhi Memorial Trust
5. Rajiv Gandhi Foundation
6. Donations to govt./ local authority for charitable purposes (excluding family planning)
7. Authority/ corporation having income exempt under erstwhile section or u/s 10(26BB)
8. Donations for repair/ renovation of notified places of worship
9. World Vision India
10. Udavum Karangal

Section 80G

Vho can make a contribution as per section 80G?

s. Individuals, firms, LLPs, partnerships and companies can make contributions to welfare institutions availing deduction under section 80G.

Vhether contributions made in kind are eligible for deduction u/s 80G?

s. No. Contributions made in kind are not eligible for deduction under section 80G of the Income Tax .

Vhether contribution to foreign trust is eligible for deduction?

s. No. Contribution made to foreign trust is not eligible for deduction under section 80G.

Section 80G

Whether contribution to political parties under section 80G?

s. Though you can contribute to a political party, you cannot avail deduction under section G. A separate section 80GGB and section 80GGC have been introduced in the Income Tax for making donations towards political parties.

ney donated towards political party which is registered under section 29A of the resentation of people act or electoral trust can be claimed as deduction.

case an Indian company makes a contribution towards a political party, deduction can be med under section 80GGB.

d if contribution is made by any other person (excluding local authority and every artificial dical person wholly or partly funded by the government), deduction can be claimed under ction 80GGC.

wever, contribution should be done in cheque or demand draft or by internet banking. nations made in cash are not eligible for deductions.

Section 80G

What is the maximum amount which can be donated in cash?

s. Till the financial year 2016-17, a maximum limit of Rs.10,000/- on cash donations was posed by the Income Tax Act. However, this has been changed and reduced from the financial ar 2017-18. The maximum limit of donation which can be made in cash is Rs.2000/-

Can I avail the entire money contributed towards section 80G?

s.There are restrictions on the eligible amount for deduction. If you contribute towards ecified funds, you can avail 100% deduction on the money donated otherwise you can avail % of the money donated.

Section 80GG

Points to be consider while claiming deduction under section 80GG of the Act?

Deduction under Section 80GG for Rent paid is only available to an Individual or HUF

The taxpayer is either Self employed or Salaried (but does not receive any benefit of deduction under Section 10(13A) for House Rent Allowance)

The taxpayer himself or his spouse or Minor child should not own any accommodation at the place where he is employed or carries on his business or profession.

If the taxpayer owns any property at any place other than the place mentioned above, he should not be claiming benefit of that property as self occupied property. That other property would be deemed to be let out.

Individual needs to file declaration in form 10BA that he satisfies all the conditions stated above.

Section 80GG

What is the amount of deduction under section 80GG?

s.Under section 80 GG, one can claim the benefits up to the least of 3 categories mentioned
ow.

Either Rs. 5000 per month i.e. INR 60,000 annually

Up to 25 % of the annual gross salary.

An amount equal to the net rent paid less 10% of the total annual income.

Section 80TTA- Deduction on Interest

his deduction is available to an Individual and HUF.

his deduction is allowed on interest earned –

om a savings account with a bank

om a savings account with a co-operative society carrying on the business of banking

om a savings account with a post office

his deduction is NOT **allowed on interest earned on time deposits**. Time deposits mean deposits repayable on expiry o
ed periods. It shall not be allowed for –

terest from fixed deposits

terest from recurring deposits

ny other time deposits

aximum Deduction – The maximum deduction is limited to Rs 10,000. If your interest income is less than Rs 10,000, the
erest income will be your deduction. If your interest income is more than Rs 10,000, your deduction shall be limited
,000. (You have to consider your total interest income from all banks where you have accounts).

ow to claim the deduction – First add your total interest income under the head 'income from other sources' in your Retu
e deduction is shown under section 80 Deductions under section 80TTA.

30TTB New deduction for senior citizens in respect of bank interest (w.e.f. AY 19-20)

What is the amount of deduction available to senior citizens?

This section allows deduction of up to Rs. 50,000 to the senior citizen who has earned interest income from deposits with banks or post office or co-operative banks. Interest earned on saving deposits and fixed deposits both shall be eligible for deduction under this provision.

After introducing this new deduction, the existing deduction of up to Rs. 10,000 under Section 80TTA shall not be allowed to the senior citizens.

Threshold for TDS on such interest income is also raised to Rs 50,000

Donation to Political Parties/ Scientific Research

Section 80GGA – Donation for Scientific Research

❖100% tax deduction is allowed for donation to the following for scientific research u/s 80GGC

✓To a scientific research association or University, college or other institution for undertaking of scientific research

✓To a University, college or other institution to be used for research in social science or statistical research

✓To an association or institution, undertaking of any programme of rural development

✓To a public sector company or a local authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme

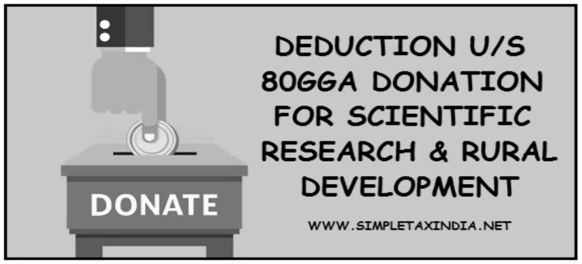
✓To the National Urban Poverty Eradication Fund set up

Section 80GGC – Donation to Political Parties

❖100% tax deduction is allowed for donation to a political party registered under section 29A of the Representation of the People Act, 1951 u/s 80GGC

❖The maximum exemption you can claim is limited to 10% of your gross annual income

Section 80GGA



Section 80GGA of the Income Tax Act pertains to deductions one can claim in lieu of donations towards rural development or scientific research. This deduction is allowed to all assessee except those who have income (or loss) from business and profession.

Section 80GGA Limit and Payment Mode:

Donations made under Section 80GGA are eligible for 100% tax deduction. There is no upper limit to the amount one can donate to institutes which adhere to principles under this Section and the donations can be in the form of cash, cheque or drafts. Cash donations, however, have a maximum limit of **Rs 10,000**, with amounts higher than this not permitted by means of cash donations.

For example, Miss Priya has an annual taxable income of Rs 5 lakhs. She chooses to donate Rs 50,000 to an institute engaged in rural development. Under Section 80GGA her donation is now eligible for a tax deduction, making her taxable income post the donation Rs 4,50,000/- (Rs 5,00,000 – Rs 50,000). This amount will be valid only if she made payment via cheque or draft. If she paid via cash, only **Rs 10,000** could be considered for deduction.

Section 80GGA

Section 80GGA and 35AC:

Sections 35AC and 80GGA have certain common features when it comes to income tax deductions. While 80GGA offers 100% deduction on donations made by individuals who have an income source which does not come from a business or profession, 35AC allows individuals who have an income through business or profession to enjoy the benefits of tax deduction.

Donations under both these sections are eligible for 100% tax deduction, helping NGOs gain funds and individuals save on taxes. The major difference between these two sections lie in their carry forward policy. While deductions under Section 35AC can be carried forward to the next year in the form of a loss, deductions under Section 80GGA cannot be carried forward to the next year in the form of losses.

Section 80GGC

ibility Criteria under Section 80GGC:

payers looking to avail of deductions under Section 80GGC are required to fulfil the following bility criteria:

taxpayer or assessee can be any individual or person

taxpayer or assessee cannot be a local authority

taxpayer or assessee cannot be an Artificial Judicial Person, who receives funding from the ernment either partially or completely

npanies cannot avail this deductions

ities to which Donations or Contributions can be made under Section 80GGC:

per Section 80GGC, an individual can make a donation or contribution only to the following entities:

electoral trust

political party that has been registered under Section 29A of the Representation of the People Act, 1

ount of Deduction that can be claimed under Section 80GGC:

viduals who make donations to any political party can claim deductions of up to 100 per cent of their tribution to said party

Recent amendments in Budget 2018

Tax rates

No Change in tax slabs, basic tax rates and Surcharge.

• Surcharge @10% is applicable where income exceeds 50 lakhs and @15% where income exceeds 1 crore.

• Education Cess and Secondary & Higher Education Cess of 3% to be substituted by "Health and Education Cess" of 4%.

Impact: The hike will impact all categories of tax payers. As a result of this hike, the tax liability for highest bracket (assuming Rs 15 lakh income) goes up by Rs 2,625. For the middle income tax payers (between Rs 5 lakh and Rs 10 lakh), it will increase by Rs 1,125, and for the lowest bracket (Rs 2.5 lakh to Rs 5 lakh) there's a marginal increase of Rs 125.

Reduction in corporate tax rate

Corporate tax rate reduced to 25% for companies whose turnover does not exceed Rs 250 crore during FY 2016-17

Recent amendments in Budget 2018

Reintroduction of standard deduction

Employees will get a standard deduction of Rs 40,000 from salary income.

Exemptions with respect to transport allowance of Rs 19,200 per annum and medical expense reimbursement of Rs 15,000 per annum are withdrawn. Differently-abled people would continue to get benefit of transport allowance

Impact: Standard deduction will only benefit pensioners and non-salaried. Since it has been introduced in lieu of transport (Rs 19,200) and medical (Rs 15,000) allowances, the salaried won't benefit much. For salaried, income exempted from tax after setting off the gain and loss comes to only Rs 5800 and the tax saved on this income would depend on the tax slab of the employee. Since pensioners do not get medical and transport allowances, they will get a deduction of Rs 40,000 from their gross total income.

Recent amendments in Budget 2018

Long-term capital gains on sale of equity based listed securities

Long-term capital gains from sale of listed equity shares/units of equity oriented mutual funds/units of business trusts in excess of Rs 100,000 is now to be taxed at 10%

Capital gains will be computed without indexation and cost of acquisition shall be higher of:

actual cost or

lower of fair market value as on 31 January 2018 and full value of consideration

Illustration:

Actual cost of Purchase on 1 April 2017: Rs 10,00,000

Highest quoted price on 31 January 2018: Rs 12,00,000

Full value of consideration on 16 April 2018 : Rs 15,00,000

Cost of acquisition for capital gains: Rs 12,00,000

LTCG (Rs 300,000-100,000): Rs 2,00,000

Tax at 10%: Rs 20,000

Recent amendments in Budget 2018

Dividend Distribution Tax (DDT) on distribution by equity oriented fund

Distribution of dividend by equity oriented mutual funds to be subject to DDT at the rate of 10%

Taxation of dividends

Deemed dividend on loans and advances to shareholders and related partners shall be subject to DDT at the rate of 30% without grossing up. Consequently, requirement of TDS on such dividends is withdrawn

In case of amalgamation, accumulated profits for the purpose of dividend distribution to include accumulated profits (whether capitalised or not) of amalgamating company

Requirement of obtaining PAN

It is mandatory for non-individual entities entering into a financial transaction of Rs 250,000 or more in a year to obtain PAN

Requirement of PAN is extended to director, partner, CEO, karta, trustee, etc. or a person competent to act on behalf of the above entities

Recent amendments in Budget 2018

Tax-exemption on NPS corpus for self-employed

For self-employed people, 40 per cent of the total amount payable from tax upon closure of National Pension System (NPS) will be exempted from tax.

Impact: This tax benefit will now bring self-employed individuals at par with the salaried class.

Exemption from long-term capital gains

Currently, capital gains arising from the transfer of **any long term capital asset**, is not taxable if such gains are re-invested in notified bonds at any time within a period of 6 months after the date of transfer, subject to the satisfaction of certain conditions.

This exemption is **restricted to capital gains arising from transfer of land and/or building.**

The holding period of the specified bonds is **extended from 3 years to 5 years.**


Thank you