

**DEPARTMENT OF COMMERCE**

**(SERAMPORE COLLEGE)**

**B.COM (HONS) 4<sup>TH</sup> SEMESTER**

**TAXATION 1**

**DEDUCTIONS UNDER CHAPTER VI A:**

**DEDUCTIONS FROM GROSS TOTAL INCOME:**

No deduction under this chapter available to Long Term Capital Gain, Short Term Capital Gain from security, Lottery, Horse Race etc.

**Under section 80AC no deduction U/S 80C to 80TTB will be allowed unless return of income for such assessment year is furnished on or before the due date specified under section 139(1).**

**1. U/S 80C:**

Any one or all of the following investment or payment taking together: **maximum deduction Rs 150,000**

- i.** L.I.P (Max 10% of policy value on or after 1.4.12, before this date 20%) for self, spouse, children including married daughter not others.
- ii.** National Savings Certificates (N.S.C)
- iii.** Public Provident Fund (P.P.F)
- iv.** Repayment of House Building Loan (not interest)
- v.** Accrued Interest on N.S.C.
- vi.** Children Education fees (only for two children)
- vii.** Fixed Deposit to any National Bank/ Post Office for 5 years.
- viii.** Self contribution to Recognised Provident Fund (R.P.F)
- ix.** Post office cumulative time deposit
- x.** Unit linked Mutual Fund
- xi.** Group Insurance
- xii.** Investment in Infrastructure Bond
- xiii.** Investment in power generation, telecommunication industries etc.

**2. U/S 80CCC:**

Life Insurance Pension Fund or Annuity Fund

**3. U/S 80CCD & 80CCD(1):**

Maximum Rs 150,000 (including section 80CCC & 80C)

Contribution by both employer & employee to National Pension Scheme (N.P.S):  
**10% of basic pay + D.A.**

✚ **NOTE:** maximum deduction Rs 150,000 including sections 80C, 80CCC, 80CCD & 80CCD (1).

**4. U/S 80CCD(1B):**

Contribution to notified pension scheme of Central Government/ NPS

✚ **NOTE:** maximum deduction of Rs 50,000 in addition to Rs 150,000 u/s 80C, 80CCC, 80CCD & 80CCD (1).

**5. U/S 80D:**

Deduction for mediclaim (must be paid by cheque) up to Rs 25000 for self and family, Rs. 50000 for senior citizen, another Rs 5000 for medical check up. If for parents another Rs 25000 or Rs 50000 (for senior citizen) is available.

**6. U/S 80DD:**

Deduction for medical treatment or deposit for maintenance of dependent handicapped to Nationalised bank or UTI

Maximum Rs 75000 (Rs 80,000 for senior citizen). For severe 80% ailment Rs 125000 (whatever the amount spend).

**7. U/S 80DDB:**

Deduction for medical treatment for terminal disease of any dependent member  
Deduction is actual expenses or Rs 40,000 (for senior citizen Rs 100000) whichever is least as reduced by mediclaim received

**8. U/S 80E:**

Deduction for payment of interest on loan for higher education: **entire amount of interest is deduction.**

**9. U/S 80U:**

Deduction for permanent disabled person

**Maximum deduction Rs 75000 (for severe 80% ailment Rs 125000)**

**10. U/S 80GGC:**

Deduction for donation to political party: **any amount**

**11. U/S 80QQB:**

Deduction for royalties (other than text book): **maximum Rs 300000**

**12. U/S 80GG (DEDUCTION FOR RENT PAID):**

Deduction is least of the following:

- a) Actual rent paid
- b) Rs 5000 per month
- c) 25% of Total Income
- d) Excess of rent paid over 10% of Total Income

**Conditions:**

- Assesses must not have any house property in his dwelling place.
- He must not enjoy deduction on house rent allowance
- His rent payment must not exceed 10% of Total Income

**13. U/S 80G (DEDUCTION FOR CERTAIN SPECIFIC DONATIONS):**

For deduction no donation in kind and in cash exceeding Rs 2000.

Donations are:

- I. Unlimited
- II. Limited (not exceeding 10% of total income)

**Rate of deduction in some cases 100% and in some cases 50%**

**I. UNLIMITED DONATIONS TO:**

	<b>RATE OF DONATION (%)</b>
1) National defence fund	100
2) Prime Minister's Drought Relief Fund	100
3) Prime Minister's National Relief Fund	100
4) National Children's Fund	100
5) National Foundation for Communal Harmony	100
6) Any university/ educational institution of national Eminence	100
7) Zila Saksharata Samity	100
8) National Blood Transfusion Council	100
9) Any fund set up by State Government to provide Medical relief to the poor	100
10) Any fund for army, naval, air force	100
11) National illness assistance fund	100
12) Chief minister's Relief Fund	100
13) National sports fund	100
14) National Cultural Fund	100
15) Technology Development Fund by Central Govt	100
16) Swachh Bharat Kosh set up by Central Govt	100
17) Clean Ganga Fund set up by Central Govt	100

**II. LIMITED DONATIONS TO (limit not exceeding 10% of total income):**

	<b>RATE OF DEDUCTION (%)</b>
a. Govt or local self govt for promoting Family Planning	100
b. Any sum paid as donation for renovation, or Repair of temple, mosque, gurudwara, church or Other places notified by Central Government	50
c. Donation to Govt or local self govt for charitable Purposes	50
d. Donation to approved (by I.T. Authority) Institution	50

**14. U/S 80TTA:**

Deduction for interest on deposit of Savings Bank A/C: **limit Rs 10,000 for individuals.**

**15. U/S 80TTB:**

Deduction for interest on deposit of Savings Bank A/C: **limit Rs 50,000 for senior citizen.**

**TAX REBATE U/S 87A**

Full tax rebate with a maximum of Rs 12500 before cess u/s 87A to individual whose total income does not exceed Rs 500000

## PROBLEMS ON DEDUCTION UNDER CHAPTER VIA

- **DEDUCTION U/S 80DDB:**

**Mr X spent Rs 50,000 for treatment of aids. He had received mediclaim u/s 80D Rs 10,000.**

**SOLUTION:**

Deduction u/s 80DDB:

Rs 50,000 or Rs 40,000 whichever is least i.e. Rs 40,000 as reduced by mediclaim is **Rs 40,000 – Rs 10,000 = Rs 30,000** is the deduction.

- **DEDUCTION U/S 80D:**

**Mr X paid cheque to G.I.C for mediclaim for himself Rs 20000, wife Rs 10000, children Rs 20000 and for old father (senior citizen) Rs 60000.**

**SOLUTION:**

Deduction u/s 80D:

For self and family	Rs 25000
For senior father	Rs 50000
For medical check up	<u>Rs 5000</u>
<b>DEDUCTION U/S 80D</b>	<b><u>Rs 80000</u></b>

- **DEDUCTION U/S 80GG:**

**Mr X resides in Kolkata in flat and paid rent Rs 10000 pm. His total income Rs 800000 and he has no house property. Compute deduction u/s 80GG.**

**SOLUTION:**

Deduction is least of the following:

a) Rent paid	Rs 120000
b) Rs 5000*12	Rs 60000
c) 25% of total income	Rs200000
d) Excess of rent paid over 10% of Total Income (Rs120000 – Rs80000)	Rs40000

**Deduction is Rs 40000**

- **DEDUCTION U/S 80C:**

**Mr X has Total Income Rs 1200000 (including salary basic + D.A. Rs 500000). He paid his L.I.P Rs 50000 (policy 400000 taken after 2012). Contributed to R.P.F Rs 20000, PPF Rs 70000, repayment of educational bill for 3 children @ 2000 pm. Paid to L.I.C pension fund Rs 40000 be participated to NPS. He repaid house building loan Rs 25000 (Rs 5000 being interest). He contributed to NPS Rs 70000. Compute deduction u/s 80C & 80CCD (1B)**

**SOLUTION:**

**COMPUTATION OF DEDUCTION U/S 80C & 80CCD (1B):**

PARTICULARS	AMT	AMT	AMT
<b>U/S 80C:</b>			
L.I.P	40000		
Contribution to RPF	20000		
Contribution to PPF	70000		
Children's Education Fees	48000		
Repayment of House Rent Loan	20000	198000	
<b>U/S 80CCC:</b>			
LIC Pension Scheme		40000	
<b>U/S 80CCD &amp; 80 CCD(1):</b>			
<b>N.P.S (10% of both employer &amp; employee)</b>			
10% of employer	50,000		
10% of employee	50,000		
		1,00,000	
<b>TOTAL</b>		3,38,000	
<b>Max limit u/s 80C, 80CCC, 80CCD &amp; 80CCD(1)</b>			<b>1,50,000</b>
<b>U/S 80CCD(1B):</b>			
Additional contribution to NPS		70,000	
<b>Max limit u/s 80CCD(1B)</b>			<b>50,000</b>
<b>TOTAL DEDUCTION</b>			<b>2,00,000</b>

• **DEDUCTION U/S 80G:**

**Gross Total Income of an assessee for the year 2019-2020 is Rs 875,000. He paid mediclaim insurance Rs 15000 for self, Rs 20000 for wife & Rs 15000 for children, L.I.P Rs 50000 (policy value Rs 300000) for self. His bank deposit (fixed) Rs 200,000 for five years. He deposited Rs 15000 for maintenance of Dependent handicapped nephew (80%). He donated Rs 25000 to National Defence Fund, Rs 20000 worth of medicine to flood victims, Rs 40000 to promote family planning, Rs 10000 to Clean Ganga Fund, Rs 40000 for Prime Minister Drought Relief Fund, Rs 10000 to Ramkrishna Mission (approved) and Rs 25000 for repair of Lal Killa.**

**Compute his deduction u/s 80G.**

**SOLUTION:**

**Calculation of Total Income for Restricted or Limited (10%) donation**

<b>PARTICULARS</b>	<b>AMT</b>	<b>AMT</b>	<b>AMT</b>
<b>GROSS TOTAL INCOME</b>			<b>875000</b>
<b>Less: deduction under chapter VIA</b>			
U/S 80D		25000	
U/S 80DD		125000	
U/S 80C:			
L.I.P	30000		
Fixed Deposit	200000		
	<u>230000</u>		
<b>max limit u/s 80C</b>		<u>150000</u>	
<b>DEDUCTION UNDER CHAPTER VIA</b>			<u>300000</u>
<b>TOTAL INCOME OTHER THAN 80G</b>			<u>575000</u>

**Restriction or limited amount is 10% of Rs 575000 = Rs57500**

**DEDUCTION U/S 80G**

<b>UNLIMITED DONATION</b>	<b>AMT</b>	<b>RATE (%)</b>	<b>AMT</b>	<b>AMT</b>
National Defence Fund	20000	100	20000	
Clean Ganga Fund	10000	100	10000	
Prime Minister's Drought Relief Fund	40000	100	<u>40000</u>	70000
<b>LIMITED DONATION</b>				
<b>Limit is 10% of 575000 i.e. Rs 57500</b>				
Family Planning	40000	100	40000	
balance of qualified amt (57500 - 40000)i.e. 17500				
Ramkrishna Mission	10000	50	5000	
Repair for Lal Killa	7500	50	<u>3750</u>	48750
<b>TOTAL DEDUCTION U/S 80G</b>				<u>118750</u>

**FOR ANY QUERRY CALL N.B 9830953576**



