

DEDUCTIONS  
FROM  
GROSS TOTAL  
INCOME





# INTRODUCTION

- ❖ Gross Total Income is defined by Sec. 80 B(5)
- ❖ Gross Total Income is the sum total of taxable incomes from all the heads of Incomes
- ❖ Gross Total Income does not include Incomes specifically Exempted under Section 10
- ❖ However, after computing Gross Total Income, further Deductions are allowed under Chapter VI A

# DEDUCTIONS v/s EXEMPTIONS

- ❖ Deductions under Chap. VI A are not linked to any particular head of Income and are deducted from the Total Income.
- ❖ Exemptions do not form part of the Total Income in the first place, and thus are not added in the head they are linked with
- ❖ Exemptions are generally incomes which are not to be taxed while Deductions are generally Expenses, Savings or Investments made which are allowed to be deducted (subtracted).



# PRINCIPLES OF DEDUCTIONS

- ❖ **Deductions** specified under Sections **80 C to 80 U** are allowed to be deducted from the Gross Total Income
  
- ❖ Deductions **cannot Exceed** the Gross Total Income
  
- ❖ For our Syllabus we will be covering the following Deductions –
  1. 80 C and 80 CCC
  2. 80 D
  3. 80 DD
  4. 80 E
  5. 80 TTA
  6. 80 U

# SECTION 80 C

- ❖ It is allowed for Individuals and HUFs
- ❖ Following payments qualify for deduction u/s 80 C –
  1. Life Insurance premium (Self, Spouse or Children)
  2. Contribution to Statutory Provident Fund
  3. Contribution to Public / Recognised Provident Fund
  4. Investment in National Savings Certificates (NSC)
  5. Investment in Unit Linked Investment Plan (ULIP)
  6. Contribution Equity Linked Savings Scheme (ELSS)
  7. Tuition fees paid to any school, college or university
  8. Subscription to NABARD bonds
- ❖ Maximum deduction deductible is **Rs. 1,50,000/-**

# SECTION 80 CCC

- ❖ This section is a subset of Section 80 C
- ❖ This section includes Contribution to Pension Funds.
- ❖ The Maximum amount Deductible under this section is also **Rs. 1,50,000/-**
  
- ❖ The **TOTAL deduction** allowable under **80 C and 80 CCC** together is also **Rs. 1,50,000/-**

# SECTION 80 D

- ❖ This section is applicable to Individuals and HUFs
- ❖ This is deduction in respect of Medical Insurance premium paid by the assessee
- ❖ Such payment should be made in any **Non – Cash Method**
- ❖ The medical premium paid can be made for two different groups and **2** different levels of Deductions are available
- ❖ The two groups are –
  1. Self, Spouse and **Dependent** Children
  2. Parents

# SECTION 80 D

<u>NATURE</u>	<u>GROUP</u>	<u>EXEMPTION LIMIT</u>
1. Premium paid by any mean other than cash 2. Contribution to CGHS	Self, Spouse & Dependent children	<b>Rs. 25,000/-</b>  ( <b>Rs. 50,000/-</b> if any one of them is a Resident Indian and above the age of <b>60</b> years)
3. Preventive health check up (Individual limit of <b>Rs. 5,000/-</b> )	Parents	<b>Rs. 25,000/-</b>  ( <b>Rs. 50,000/-</b> if any one of them is a Resident Indian and above the age of <b>60</b> years)
<b><u>In absence of any health insurance policy</u></b> , amount spent on medical expenditure	Self, Spouse or Parents above the age of <b>80</b> years	Rs. 50,000/- in total

# SECTION 80 DD & 80 U

- ❖ These sections are there for any amounts paid towards medical treatment of Persons with Disability (PwD).
- ❖ The amount paid for medical treatment is immaterial
- ❖ The assessee can claim the lumpsum fixed amount
- ❖ The deductions are allowed in the following manner –
  1. Disability is less than 40% - NO DEDUCTION
  2. Disability between 40% & 80 % - Rs. 75,000/-
  3. Disability above 80% (Severe) – Rs. 1,25,000/-
- ❖ Section 80 DD is when a “Dependent Relative” is a PwD
- ❖ Section 80 U is when the Assessee is a PwD

# SECTION 80 E

- ❖ This section is for **Interest on Loan taken for Higher Education**
- ❖ Following requisites need to be satisfied for this deduction –
  1. Assessee should be an **Individual**
  2. Loan should be taken from approved **Financial** or **Charitable** institution
  3. The loan is for **higher education** (After 10<sup>th</sup> Standard)
  4. The loan can be taken for self, spouse or children
- ❖ There is **NO LIMIT** for claiming this deduction
- ❖ However, such deduction can only be claimed for **8 years**

# SECTION 80 TTA

❖ This section is for **Interest received on Savings Bank Deposits**



❖ Such deduction shall be allowed in case the saving account is maintained with –

1. A Banking Company
2. A Co – operative Bank
3. A Post Office

❖ Maximum limit of the deduction is **Rs. 10,000/-**