

MORMUGAO PORT AUTHORITY
Finance Department
Administrative Bldg., Headland - Sada.

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CIRCULAR

Sub : Tax deduction at Source for the Financial
Year 2024 -25 (Assessment Year 2025-26).

Under Section 192 of Income Tax Act, 1961, Tax Deduction at Source (TDS) has to be made from payment of salaries on the estimated basis and final adjustment being made from the last month's salary payable to the employee. For this purpose, salary elements include Basic Pay, Dearness Allowances (VDA), House Rent Allowance (HRA), City Compensatory Allowance (CCA), Board's Contribution to Pension Scheme of Central Govt. Overtime, Incentive, Bonus (PLB), Encashment of Leave Salary, Reimbursement of Tuition Fees, Reimbursement of Electricity Charges, Pension, Subsistence Allowance, Arrears of Salary, Transport allowance, Honorarium and any other Perquisites/Allowances.

PERQUISITES & ALLOWANCES INCLUDE:

- a) Those who are occupying Port Quarters @ 5% of (GROSS SALARY) taken in consideration as perquisite value and from the said amount quarter rent recovered will be deducted and the remaining amount will be added to the total income for TAX liability as per Section 17(2)(i) read with Rule 3.
- b) The aggregate amount of contribution made by the employer to the following retirement benefit schemes, in excess of Rs. 7,50,000 /- per year is taxable as a perquisite as per Section 17(2)(vii):
 - (i) recognized provident fund
 - (ii) scheme of NPS
 - (iii) approved superannuation fund

Further as per Section 17(2)(viii), the annual accretion by way of interest, dividend or any other amount of similar nature during the year to the balance at the credit of the fund or scheme referred to above shall be treated as perquisite to the extent it relates to the contribution in excess of Rs. 7,50,000/-. Such interest/dividend/similar amount shall be included in total income as per the methodology of computation provided in Rule 3B of the Income Tax Rules explained below.

Rule 3B of the Income Tax Rules

Annual accretion referred to in the sub-clause (viii) of clause (2) of section 17 of the Act.

3B. For the purposes of sub-clause (viii) of clause (2) of section 17 of the Act, annual accretion by way of interest, dividend or any other amount of similar nature during the previous year (hereinafter in this rule referred to as the current previous year) to balance to the credit of the fund or scheme referred to in sub-clause (vii) of clause (2) of section 17 of the Act shall be the amount or aggregate of amounts computed in accordance with the following formula, namely:—

$$TP = (PC/2)*R + (PCI + TP1)*R$$

Where,

TP= Taxable perquisite under sub-clause (viii) of clause (2) of section 17 of the Act for the current previous year;

TP_1 = Aggregate of taxable perquisite under sub-clause (viia) of clause (2) of section 17 of the Act for the previous year or years commencing on or after 1st day April, 2020 other than the current previous year (See Note);

PC = Amount or aggregate of amounts of principal contribution made by the employer in excess of Rs. 7.5 lakh to the specified fund or scheme during the previous year;

PC_1 = Amount or aggregate of amounts of principal contribution made by the employer in excess of Rs. 7.5 lakh to the specified fund or scheme for the previous year or years commencing on or after 1st day April, 2020 other than the current previous year (See Note);

$R = I / F_{avg}$;

I = Amount or aggregate of amounts of income accrued during the current previous year in the specified fund or scheme account;

F_{avg} = (Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous Year + Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the last day of the current previous year)/2.

Explanation . — For the purposes of this rule, "specified fund or scheme" shall mean a fund or scheme referred to in sub-clause (vii) of clause (2) of section 17 of the Act.

Note: Where the amount or aggregate of amounts of TP_1 and PC_1 exceeds the amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous year, then the amount in excess of the amount or aggregate of amounts of the said balance shall be ignored for the purpose of computing the amount or aggregate of amounts of TP_1 and PC_1 .

Interest on Employees Provident Fund [Sec 10(11)]

Section 10(11) provides exemption in respect of any payment from statutory provident fund (a provident fund under the Provident Fund Act 1925] or Public Provident Fund set up by the Government.

The provisions of section 10(11) have been amended with effect from the assessment year 2022-23 to provide that the above exemption shall not apply to interest accrued during the financial year in an employee's statutory provident fund account to the extent it relates to the following amounts:

- a) Interest on employees contribution in excess of Rs. 2,50,000 /- per year (if contribution by the employee is in a provident fund in which employer also gives his contribution) or
- b) Interest on employees contribution in excess of Rs. 5,00,000 /- per year (if contribution by the employee is in a provident fund in which there is no contribution by the employer of such person)

This restriction will apply only in respect of contribution by an employee on or after April 1, 2021 and taxable income shall be computed in such manner as may be provided by the rules.

Rule - 9D , Income-tax Rules, 1962

Calculation of taxable interest relating to contribution in a provident fund or recognised provided fund, exceeding specified limit.

9D. (1) For the purposes of the first and second provisos to clauses (11) and (12) of section 10, income by way of interest accrued during the previous year which is not exempt from inclusion in the total income of a person under the said clauses (hereinafter in this rule referred to as the taxable interest), shall be computed as the interest accrued during the previous year in the taxable contribution account.

(2) For the purpose of calculation of taxable interest under sub-rule (1), separate accounts within the provident fund account shall be maintained during the previous year 2021-2022 and all subsequent previous years for taxable contribution and non-taxable contribution made by a person.

Explanation: For the purposes of this rule,—

- (a) Non-taxable contribution account shall be the aggregate of the following, namely:—
 - (i) closing balance in the account as on 31st day of March, 2021;
 - (ii) any contribution made by the person in the account during the previous year 2021-22 and subsequent previous years, which is not included in the taxable contribution account; and
 - (iii) interest accrued on sub-clause (i) and sub-clause (ii), as reduced by the withdrawal, if any, from such account;
- (b) Taxable contribution account shall be the aggregate of the following, namely:—
 - (i) contribution made by the person in a previous year in the account during the previous year 2021-22 and subsequent previous years, which is in excess of the threshold limit; and
 - (ii) interest accrued on sub-clause (i), as reduced by the withdrawal, if any, from such account; and
- (c) The threshold limit shall mean:
 - (i) five lakh rupees, if the second proviso to clause (11) or clause (12) of section 10 is applicable; and
 - (ii) two lakh and fifty thousand rupees in other cases.]

Income Tax is payable by the employee for the Financial Year 2024-25 Assessment Year 2025-26 only when the estimated gross amount exceeds Rs. 5,00,000/- (**considering IT relief under section 87A as a deduction from the calculated tax**) as the case may be in respect of Individuals / Senior Citizen (60 years and above) and Super Senior Citizen who is 80 years or more respectively. In case the total income of the assessee is chargeable to tax under Section 115BAC(1A), rebate is available under Section 87A up to an amount of Rs. 7,00,000 /- and hence tax is payable only if the total income exceeds Rs. 7,00,000/-.

1. Deductions from Income from House Property.

Interest of Capital borrowed for construction/acquisition/repairs etc. U/Sec. 24.

If the following three conditions are satisfied, interest on borrowed capital is deductible up to Rs. 2,00,000/-

- a) capital is borrowed on or after 1st April, 1999 for acquiring or constructing a property, and
- b) acquisition or construction should be completed within 5 years, from the end of financial year in which the capital was borrowed;
- c) the person extending the loan certifies that such interest is payable in respect of the amount advanced for acquisition or construction of the house or as re-finance of the principal amount outstanding under an earlier loan taken for such acquisition or construction.

The following points should be noted: -

I. If the capital is borrowed for any other purpose (eg. If capital is borrowed for reconstruction, repairs or renewals of a house property), then the maximum amount of deduction on account of interest is Rs. 30,000/- (and not Rs.2,00,000/-) in the aggregate for the two self-occupied properties.

II. There is no stipulation regarding the date of commencement of construction. Consequently, the construction of the residential unit could have commenced before April, 1, 1999 but, if the aforesaid three conditions are satisfied, the higher deduction of Rs. 2,00,000/- would be available. Also there is no stipulation regarding the construction/acquisition of the residential unit being entirely financed by the loan taken on or after April, 1, 1999. It may be also in part. However, the higher deduction of Rs. 2,00,000/- towards interest can be claimed only in relation to that part of the loan which has been taken and utilized for construction/acquisition after April, 1, 1999. The loan taken prior to April, 1, 1999 will carry deduction of interest up to Rs. 30,000/- only.

III Where the net result of the computation under the head "Income from house property" is a loss and the assessee has income assessable under any other head of income, the assessee shall not be entitled to set off such loss, to the extent the amount of the loss exceeds two lakh rupees, against income under the other head. [Section 71(3A)]

IV From the Assessment Year 2020-21 onwards an assessee is permitted to have two houses as self-occupied houses under Section 23(2) r/w Section 23(4). However the limit of interest deduction is limited to Rs. 30,000 /- or Rs. 2,00,000 /- as the case may be in the aggregate [First and Second Proviso to Section 24].

OCCUPANCY CERTIFICATE OF THE HOUSE/FLAT SHOULD BE PRODUCED ALONGWITH THE HOUSING LOAN STATEMENT FOR AVAILING INCOME TAX REBATE.

V. Interest can be deducted only from the year when house is complete. Interest pertaining to pre construction period is to be accumulated and claimed in 5 equal installments commencing from the year in which house is complete alongwith that respective year's interest and within the limit at 30,000/- /2,00,000/-

2. Income of Persons Governed under system of community of property known as "COMMUNIAO DOS BENS"

As per the provisions of Section 5A of the Income Tax Act where the husband and wife are governed by the system of community of property (known under the Portuguese Civil Code of 1860 as "COMMUNIAO DOS BENS") in force in the State of Goa, the income of the husband and of the wife under each head of income (other than under the head "Salaries") shall be apportioned equally between the husband and the wife and the income so apportioned shall be included separately in the total income of the husband and of the wife respectively, and the remaining provisions of this Act shall apply accordingly.

In view of the above, at the time of deduction of tax from salaries, Loss under the head "Income from House Property" which arises due to the interest paid on housing loan is to be compulsorily apportioned equally between husband and wife and hence only half of the interest can be adjusted against the salary income of the employee, the other half being attributable to his/her spouse.

This provision is applicable **only to those persons who are governed by the system of community of property** (known under the Portuguese Civil Code of 1860 as "**COMMUNIAO DOS BENS**") in force in the State of Goa.

The Portuguese Civil Code is primarily applicable to persons born in Goa. If born outside Goa the person shall produce the Birth Certificate to avail 100% deduction U/Sec.24.

TDS on Pension:

It may be noted that, since salary includes pension, tax at source would have to be deducted from pension also, unless otherwise so required. However, no tax is required to be deducted from the commuted portion of pension to the extent exempt under section 10 (10A).

Family Pension is chargeable to tax under head "Income from other sources" and not under the head "Salaries". Therefore, provisions of section 192 of the Act are not applicable. Hence, DDOs are not required to deduct TDS on family pension paid to person.

Leave Encashment:

Leave encashment during the continuity of employment is fully taxable. The leave encashment availed at the time of retirement is exempt from tax on the basis of least of the following under Section 10(10AA)(ii):

1. Period of earned leave (in number of months) to the credit of the employee at the time of his retirement or leaving the job X Average monthly salary
2. 10 X Average monthly salary
3. The amount specified by the Government [Rs. 25 Lakhs with effect from 01/04/2023]
4. Leave encashment actually received at the time of retirement

The following points are to be noted for calculation of the exemption under Section 10(10AA) in respect of leave encashment availed at the time of retirement:

1. For determining the duration of service in number of years, any fraction of year has to be ignored.
2. Earned leave entitlements cannot exceed 30 days for every year of actual service rendered.
3. Salary for this purpose means basic salary and dearness allowance.
4. Average salary for the aforesaid purpose is to be calculated on the basis of average salary drawn during the period of 10 months immediately preceding the retirement.
5. When leave encashment is received from two or more employers (maybe in the same year or different years), the maximum amount of exemption under Section 10(10AA)(ii) during the lifetime of the concerned employee cannot exceed Rs. 25,00,000/-.
6. Relief under Section 89(1) would be admissible in respect of encashment of leave salary by an employee when in service.- Circular No. 431 dated 12/09/1985 or leave salary paid at the time of retirement or otherwise.
7. Leave salary paid to the legal heirs of a deceased employee in respect of privilege leave standing to the credit of such employee at the time of his/her death is not taxable as salary-Circular Letter No. F.35/1/65-IT(B) dated 5th November 1965.
8. Exemption under Section 10(10AA) is available in respect of leave encashment only at the time of retirement whether such retirement is on superannuation or otherwise.

Covid medical treatment expenditure by employer (Section 17(2)):

Section 17(2) has been amended with effect from the assessment year 2020-21 to provide that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment (or treatment of any member of his family) in respect of any illness relating to Covid-19 shall not be treated as perquisite and consequently not chargeable to tax. However the exemption would be available subject to conditions notified by the Central Government.

Accordingly the Government has issued **NOTIFICATION S.O. 3703(E) [NO. 90/2022/F.NO. 370142/31/2022-TPL (PART-2)], DATED 5-8-2022** which prescribes the following conditions:

In exercise of the powers conferred by sub-clause (c) of clause (ii) of the first proviso to clause (2) of section 17 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies the following conditions, namely:—

1. The employee shall submit the following documents to the employer, –

| | |
|-------|--|
| (i) | the COVID-19 positive report of the employee or family member, or medical report if clinically determined to be COVID-19 positive through investigations, in a hospital or an in-patient facility by a treating physician of a person so admitted; |
| (ii) | all necessary documents of medical diagnosis or treatment of the employee or his family member for COVID-19 or illness related to COVID-19 suffered within six months from the date of being determined as COVID-19 positive; and |
| (iii) | a certification in respect of all expenditure incurred on the treatment of COVID-19 or illness related to COVID-19 of the employee or of any member of his family. |

2. This notification shall be deemed to have come into force from the 1st day of April, 2020 and shall apply in relation to the assessment year 2020-2021 and subsequent assessment years.

Further the existing provisions of section 56(2)(x), inter alia, provide that where any person receives, in any year, from any person any sum of money (without consideration) the aggregate value of which exceeds Rs. 50,000, the whole of the aggregate value of such sum shall be the income of the person receiving such sum. However, the proviso to section 56(2)(x) provides for certain exclusions.

The proviso to the aforesaid section has been modified with effect from the assessment year 2020-21 to provide that section 56(2)(x) will not be applicable in the following cases-

- Any sum of money received by an individual, from any person in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, in respect of any illness related to Covid-19 subject to such conditions, as may be notified by the Central Government shall not be the income of such person,
- Any sum of money received by a member of the family of a deceased person, from the employer of the deceased person (without limit) or from any other person or persons to the extent that such sum or aggregate of such sums does not exceed Rs. 10 lakh, shall not be treated as income of the recipient. However the exemption will be available where –
 - a. the cause of death of such person is illness relating to Covid-19;
 - b. the payment is received within 12 months from the date of death of such person, and
 - c. any other condition notified by the Central Government is satisfied.

“Family” for the aforesaid purpose, in relation to an individual means –

- a. spouse and children of the individual and
- b. parents, brothers and sisters of the individual wholly or mainly dependent on the individual.

The Central Government has issued NOTIFICATION S.O. 3704(E) [NO. 91/2022/F. NO. 370142/31/2022-TPL (PART-2)], DATED 5-8-2022 prescribing the conditions to be satisfied and Form to be submitted to claim exemption of any amount received towards expenditure incurred for treatment of covid-19 illness:

In exercise of the powers conferred by clause (XII) of the first proviso of clause (x) of sub-section (2) of section 56 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the following conditions, namely: —

1. The individual shall keep a record of the following documents, namely: —

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| (i) | the COVID-19 positive report of the individual or his family member, or medical report if clinically determined to be COVID-19 positive through investigations in a hospital or an in-patient facility by a treating physician for a person so admitted; |
|-----|--|

| | |
|------|--|
| (ii) | all necessary documents of medical diagnosis or treatment of the individual or family member due to COVID-19 or illness related to COVID-19 suffered within six months from the date of being determined as a COVID-19 positive; |
|------|--|

2. Statement of any amount received for any expenditure actually incurred by an individual for his medical treatment or treatment of any member of his family, for any illness related to COVID-19 for the purposes of clause (XII) of the first proviso to clause (X) of sub-section (2) of section 56 of the Income-tax Act, 1961 shall be verified and furnished in Form No. 1.
3. The details of the amount received in any financial year shall be furnished in Form No. 1 to the Income Tax Department within nine months from the end of such financial year or 31.12.2022, whichever is later.
4. This notification shall be deemed to have come into force from the 1st day of April, 2020 and shall apply in relation to the assessment year 2020-2021 and subsequent assessment years.

The Central Government has issued **NOTIFICATION S.O. 3705(E) [NO. 92/2022/F.NO. 370142/31/2022-TPL (PART-2)], DATED 5-8-2022 prescribing the conditions to be satisfied and Form to be furnished for claiming exemption of amount received due to covid-19 death:**

In exercise of the powers conferred by clause (XIII) of the first proviso to clause (x) of sub-section (2) of section 56 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the following conditions, namely: —

1. (i) the death of the individual should be within six months from the date of testing positive or from the date of being clinically determined as a COVID-19 case, for which any sum of money has been received by the member of the family;

(ii) the family member of the individual shall keep a record of the following documents, —

| | |
|-----|---|
| (a) | the COVID-19 positive report of the individual, or medical report if clinically determined to be COVID-19 positive through investigations in a hospital or an in-patient facility by a treating physician; |
| (b) | a medical report or death certificate issued by a medical practitioner or a Government civil registration office, in which it is stated that death of the person is related to corona virus disease (COVID-19). |

2. Statement of any sum of money received by a member of the family of a deceased person from the employer of the deceased person or from any other person or persons, on account of death due to COVID-19 for the purposes of clause (XIII) of the first proviso to clause (x) of sub-section (2) of section 56 of the Income-tax Act, 1961 shall be verified and furnished in Form A.
3. The details of the amount received in any financial year shall be furnished in Form A to the Assessing Officer within nine months from the end of such financial year or 31.12.2022 whichever is later.

This notification shall be deemed to have come into force from the 1st day of April, 2020 and shall apply in relation to the assessment year 2020-2021 and subsequent assessment years.

3. Deduction under Chapter VI A :-

(A) Deduction in respect of donations to certain funds, charitable Institution etc.(U/S. 80G).

Section 80G provides for deductions on account of donation made to various funds, charitable organizations etc. In cases where employees make donations to the Prime Minister's National Relief Fund, the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund through their respective employers, it is not possible for such funds to issue separate certificate to every such employee in respect of donations made to such funds as contributions made to these funds are in the form of a consolidated cheque. An employee who

makes donations towards these funds is eligible to claim deduction under section 80G. It is, hereby, clarified that the claim in respect of such donations as indicated above will be admissible under section 80G on the basis of the certificate issued by the Drawing and Disbursing Officer (DDO)/Employer in this behalf - Circular No. 2/2005, dated 12-1-2005.

Further any donation made to the PM CARES Fund shall be eligible for deduction under section 80G.

(B) Deduction in case of a person with disability (U/Sec. 80U).

- a) The Tax payer is an individual. b) He is resident of India.
 c) Person suffering from not less than 40% of any disability given below :-
 i) Blindness; ii) Low vision; iii) Leprosy-cured; iv) Hearing impairment
 v) Locomotor disability; vi) Mental retardation; vii) Mental illness.

The tax payer shall have to furnish a copy of the certificate in the prescribed form issued by the medical authority along with the return of income. Where the condition of disability required re-assessment, a fresh certificate from the medical authority shall have to be obtained after the expiry of the period mentioned on the original certificate in order to continue to claim the deduction.

"Medical Authority" for this purpose means any hospital or institution specified by notification by the appropriate Government for the purpose of the Persons with Disabilities (Equal Opportunities, Protections of Rights and Full Participation) act, 1995.

If the aforesaid conditions are satisfied, then a fixed deduction of Rs. 75,000/- is available. A higher deduction of Rs. 1,25,000/- is allowed in respect of a person with severe disability (i.e. having any disability over 80 percent).

C.

I. U/Sec. 80C:

THE QUALIFYING INVESTMENTS FOR DEDUCTION U/Sec. 80C DEDUCTION IS AVAILABLE IN RESPECT OF SPECIFIED PAYMENT, THE AGGREGATE DEDUCTION SHALL NOT EXCEEDING Rs. 1.50 LAKH. -

Detail list of investment under Sec 80C at Annexure 'A'

II. U/Sec. 80CCC :

Contribution for Pension Scheme (Subject to maximum of Rs. 1,50,000/-)

III. U/Sec. 80CCD:

Contribution to Pension Scheme of Central Government of own subject to a ceiling of 10% of salary (Basic Pay + D.A.) respectively (Section 80CCD(1)).

Contribution by the Board is deductible to the extent of 10% of salary (Basic Pay + DA) under Section 80CCD(2). However deduction u/s 80CCD(2) is available up to 14% of salary in the case where the employee's salary is chargeable under the new scheme per Section 115BAC(1A).

Please note that the Board's Contribution to the Pension Scheme of the Central Government is first Taxed as Salary U/Sec. 17 of r/w Sec. 7 and the same amount is also considered for deduction U/Sec. 80CCD(2). Further an additional deduction in respect of amount paid of up to Rs. 50,000 /- for contribution made by any individual assesses under the NPS is deductible under section 80CCD(1B).

Max. amount deductible U/Sec. 80C, 80CCC & 80CCD(1) (employees contribution only) cannot exceed Rs. 1.50 lakhs. Board's contribution at 10% of salary (14% if income is computed under Section 115BAC(1A)) is further deductible and also additional deduction of Rs. 50,000 /- for contribution to NPS is available.

IV. U/Sec. 80CCG: Rajiv Gandhi Equity Savings Scheme-Sec 80CCG :-

This benefit for. RGESS under Income Tax Section 80CCG, has been withdrawn. RGESS has lock in period of 3 years. So if deduction was claimed by assessee in FY2016–17 or earlier in FY2015–16; deduction would be allowed in FY2017–18 and FY2018–19. But for fresh investments made in 2017–18, deduction cannot be claimed.

V U/Sec. 80D Deduction in respect of HEALTH INSURANCE PREMIA AND PREVENTIVE HEALTH CHECK UP - In computing the total income of an assessee the following sums shall be allowed as a deduction out of his income chargeable to tax provided payment is made by any mode other than cash.

The deduction shall be the aggregate of the following, namely:-

- a) The whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family or any payment made on account of preventive health check up of the assessee or his family as does not exceed in the aggregate twenty five thousand rupees; and
- b) The whole of the amount paid to effect or to keep in force an insurance on the health of the parent or parents of the assessee or any payment made on account of preventive health check up of the parents of the assessee as does not exceed in the aggregate twenty five thousand rupees.

Explanation:- For the purpose of clause a), “family” means the spouse and dependent children of the Assessee.

Where the sum is paid to effect or keep in force an insurance on the health of any person who is a senior citizen, deduction of Rs. 50,000/- shall be available instead of Rs.25,000/-

Amount can also be paid for preventive health checkup up to Rs. 5000/- in aggregate in any mode including cash.

In respect of senior citizens if no payment has been made to keep in force a medical insurance policy, then payments towards medical expenditure as does not exceed Rs, 50,000 /- during the year shall be allowed as a deduction under section 80D. The aggregate deduction available to any individual in respect of health insurance premium and the medical expenditure incurred would however be limited to Rs. 50,000 /-. Similarly aggregate deduction for health insurance premium and medical expenditure incurred in respect of parents would be limited to Rs. 50,000 /-.

Explanation: For the purpose of this sub-section, “senior citizen” means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year.

In case of single premium health insurance policies having cover of more than one year, the deduction shall be allowed on proportionate basis for the number of years for which the health insurance cover is provided subject to the specified monetary limit detailed above.

VI U/Sec. 80DD, where an assessee, who is resident in India, has, during the previous year,-

- (a) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a dependent, being a person with disability; or
- (b) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in this regard and approved by the Board in this behalf for the maintenance of a dependent, being a

person with disability, the assessee shall be allowed a deduction of a sum of **Seventy Five** thousand rupees from his gross total income of that year.

However, where such dependent is a person with severe disability, an amount of One lakh and Twenty Five Thousand Rupees shall be allowed as deduction subject to the specified conditions. The deductions shall be allowed only if certain conditions specified in the section are fulfilled. The assessee, claiming a deduction under this section, shall furnish a copy of the certificate issued by the medical authority in the prescribed form and manner, along with the return of income under section 139, in respect of assessment year for which the deduction is claimed. In cases where the condition of disability requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any subsequent period unless a new certificate is obtained from the medical authority in the prescribed form and manner and a copy thereof is furnished along with the return of income.

For the purpose of this section the term "dependent" means in the case of an individual, the spouse, children, parents, brothers and sisters of the individuals or any of them dependent wholly or mainly on such individual for his support and maintenance and who has not claimed any deduction under section 80U in computing his total income for the year.

VII Deduction u/s 80DDB-Where any assessee has actually paid any amount for the medical treatment of prescribed diseases or ailments for himself or a dependent the assessee shall be allowed a deduction of the amount actually paid or a sum of Rs. 40,000 /- whichever is less. This is subject to the assessee obtaining a prescription from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other prescribed specialist. The deduction under this section shall be reduced by the amount received under medical insurance or reimbursed by the employer. Where the amount actually paid is in respect of the assessee or his dependent and who is a senior citizen, the amount concerned for deduction limit is Rs.1,00,000 /-. For this purpose the term "dependent" means in the case of an individual, the spouse, children, parents, brothers and sisters of the individuals or any of them who are wholly or mainly dependent on such individual for support and maintenance.

VIII U/Sec. 80E, of the Act a deduction will be allowed in respect of repayment of interest on loan taken for higher education, subject to the following conditions:

- (i) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of interest on loan, taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education or for the purpose of higher education of relative.
- (ii) The deduction specified above shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial assessment year or until the interest referred to above is paid in full by the assessee, whichever is earlier

For this purpose-

- (a) "approved charitable institution" means an institution established for charitable purposes and approved by the prescribed authority under clause (23C) of section 10, or, an institution referred to in clause (a) of sub-section (2) of Section 80G.
- (b) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act; or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (c) "**higher education**" means any course of study pursued after passing the senior secondary examination or its equivalent from any school, Board or university recognized by the Central Government or State Government or local authority or by any other authority authorized by the Central Government or State Government or local authority to do so.

- (d) "initial assessment year" means the assessment year relevant to the previous year, in which the assessee starts paying the interest on the loan.
- (e) **"relative, in relation to an individual", means the spouse and children of that individual or the student for whom the individual is the legal guardian.**

IX. Deduction in respect of interest on loan taken for certain house property:

80EEA. In computing the total income of an assessee, there shall be deducted interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property.

The deduction shall not exceed one lakh and fifty thousand rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2020 and subsequent assessment years.

The deduction shall be subject to the following conditions, namely:—

- (i) the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2022 ;
- (ii) the stamp duty value of residential house property does not exceed forty-five lakh rupees;
- (iii) the assessee does not own any residential house property on the date of sanction of loan.

Where a deduction under this section is allowed for any such interest deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

For the purposes of this section,—

- (a) the expression "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies, or any bank or banking institution referred to in section 51 of that Act or a housing finance company;
- (b) the expression "stamp duty value" means value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.

X. Deduction in respect of purchase of electric vehicle.

80EEB. In computing the total income of an assessee, being an individual, there shall be deducted interest payable on loan taken by him from any financial institution for the purpose of purchase of an electric vehicle.

The deduction shall not exceed one lakh and fifty thousand rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2020 and subsequent assessment years.

The deduction shall be subject to the condition that the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2023.

Where a deduction under this section is allowed for any interest referred to herein deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

For the purposes of this section,—

- (a) "electric vehicle" means a vehicle which is powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle and has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy;
- (b) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies, or any bank or banking institution referred to in section 51 of that Act and includes

any deposit taking non-banking financial company or a systemically important non-deposit taking non-banking financial company as defined in clauses (e) and (g) of Explanation 4 to Section 43B.

XI. Deduction under section 80TTA:- Deduction in respect of interest on savings account:

A deduction up to an extent of ten thousand rupees in aggregate is allowed in respect of any income by way of interest on saving accounts with a bank, co-operative bank or a post office.

XII. Deduction under section 80TTB:- Deduction in respect of interest on deposits in case of senior citizens:

A deduction up to an extent of fifty thousand rupees in aggregate is allowed in respect of interest income from deposits held by senior citizens. However, no deduction under section 80TTA shall be allowed.

XIII. Standard Deduction on salary income:

A standard deduction up to Rs. 50,000/- or the amount of salary received whichever is less is allowed from the salary income under section 16(ia). However if the income is computed under the new tax regime under section 115BAC(1A)(ii), then the limit of standard deduction is increased to Rs. 75,000 /- or the amount of salary received whichever is less.

XIV. Withdrawal of Exemption for conveyance allowance and medical reimbursement:

The present exemption in respect of Transport Allowance (except in case of differently abled persons) under section 10(14)(ii) r/w Rule 2BB(2) and reimbursement of medical expenses u/s 17(2) is withdrawn.

XV. Rebate under section 87A

An individual whose net total income is Rs. 5 lakhs or less is eligible for rebate under section 87A of 100 percent of the income tax or Rs. 12,500 /- whichever is less. This rebate is available from income tax before adding surcharge and education cess. No marginal relief is available.

From the Financial year 2023-2024 (Assessment Year 2024-25), where the total income of the assessee is chargeable to tax under the New Tax Regime under Section 115BAC(1A) and the total income does not exceed Rs. 7,00,000/- the assessee shall be entitled to a deduction from the amount of income tax of an amount equal to 100% of such income tax or an amount of Rs. 25,000 /- whichever is less. Further where the income exceeds Rs. 7,00,000 /- marginal relief is available.

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

Paragraph A

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

| | |
|--|--|
| (1) where the total income does not exceed Rs. 2,50,000 | Nil; |
| (2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000 | 5 per cent of the amount by which the total income exceeds Rs. 2,50,000; |

| | |
|---|---|
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 12,500 <i>plus</i> 20 per cent of the amount by which the total income exceeds Rs. 5,00,000; |
| (4) where the total income exceeds Rs. 10,00,000 | Rs. 1,12,500 <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 10,00,000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

| | |
|---|---|
| (1) where the total income does not exceed Rs. 3,00,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000 | 5 per cent of the amount by which the total income exceeds Rs. 3,00,000; |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 10,000 <i>plus</i> 20 per cent of the amount by which the total income exceeds Rs. 5,00,000; |
| (4) where the total income exceeds Rs. 10,00,000 | Rs. 1,10,000 <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

| | |
|---|---|
| (1) where the total income does not exceed Rs. 5,00,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent of the amount by which the total income exceeds Rs. 5,00,000; |
| (3) where the total income exceeds Rs. 10,00,000 | Rs. 1,00,000 <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 10,00,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A or the provisions of section 115BAC of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

| | |
|-----|--|
| (a) | having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax; |
| (b) | having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax; |

| | |
|-----|---|
| (c) | having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax; |
| (d) | having a total income (excluding the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax; and |
| (e) | having a total income (including the income by way of dividend or income under the provisions of section 111A, section 112 and section 112A of the Income-tax Act) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of fifteen per cent. of such income-tax: |
| | Provided that in case where the total income includes any income by way of dividend or income chargeable under section 111A, section 112 and section 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax computed in respect of that part of income shall not exceed fifteen per cent: |
| | Provided further that in case of an association of persons consisting of only companies as its members, the rate of surcharge on the amount of Income-tax shall not exceed fifteen per cent: |
| | Provided also that in the case of persons mentioned above having total income exceeding,— |
| (a) | fifty lakh rupees but not exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees; |
| (b) | one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees; |
| (c) | two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees; |
| (d) | five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees. |

However in respect of income chargeable to tax under sub-section (1A) of Section 115BAC of the Income Tax Act, the Surcharge is restricted to 25%.

This net tax amount so arrived has to be further increased by an **educational cess of 4%** .

Information regarding Income under any other head

Section 192(2B) enables a taxpayer to furnish particulars of income under any head other than "Salaries" (not being a loss under any such head other than the loss under the head — 'Income from house property') received by the taxpayer for the same financial year and of any tax deducted at source thereon. The particulars may now be furnished in a simple statement, which is properly signed and verified by the taxpayer in the manner as prescribed under Rule 26B(2) of the Rules and shall be annexed to the simple statement. The form of verification is reproduced as under:

I, (name of the assessee), do declare that what is stated above is true to the best of my information and belief.

It is reiterated that the DDO can take into account loss only under the head "Income from house property". Loss under any other head cannot be considered by the DDO for calculating the amount of tax to be deducted. It may be noted that loss under the head "Income from house property" can be set off only up to Rs. 2.00 lakh with the income under any other head of income in view of the amendment to section 71 of the Act vide Finance Act, 2017. Hence, loss under the head "Income from house property" in excess of Rs. 2.00 lakh is to be ignored for calculating the amount of tax deduction.

Further any tax deducted or tax collected at source may be taken into account for the purpose of making deduction under sub-section (1) of section 192.

Furnishing of evidence of claims by employees for deduction of tax under section 192:

As per the Rule 26C of the Income Tax Rules the assessee shall furnish to the employer the evidence or the particulars of the claims as referred to in the tabulation below in Form No. 12BB for the purpose of estimating his income and computing the tax deduction at source:

| Sl. No. | Nature of claims | Evidence or particulars |
|---------|---|--|
| 1) | House rent allowance | Name, address and PAN of the landlord/s where the aggregate rent paid during the year exceeds Rs. 1 Lakh |
| 2) | Leave travel concession or assistance | Evidence of expenditure |
| 3) | Deduction of interest under the head "Income from house property" | Name, address and PAN of the lender |
| 4) | Deduction under Chapter VI-A | Evidence of investment or expenditure |

With a view to arriving at a proper recovery of Income Tax installments and avoiding heavy deductions during the last months and reducing the tax liability, all employees are requested to adopt the recognized savings methods and furnish to this department the details of their private savings other than through salary which qualify for rebate **latest by 15.02.2025**. Savings made **after 15.02.2025 will not be taken into account**. Refund of tax consequent to the additional savings effected be obtained direct from the Income Tax Office at the time of filing Income tax returns.

The Alternative Tax Regime provisions under Section 115BAC have been modified from the Assessment Year 2024-25 onwards. For the assessment years 2021-22 to 2023-24, an individual can opt for the alternative tax regime under Section 115BAC(1). If such option is exercised, the assessee is governed by the alternative tax regime under section 115BAC.

From the Assessment Year 2024-25, the alternative tax regime under section 115BAC is the default tax regime. However, the assessee can avail the benefit of a regular tax regime by exercising the option under Section 115BAC(6) on or before the due date of filing of return under section 139(1).

The Employees/Pensioners are requested to submit their option in writing in prescribed enclosed format. In case they opt for Income Tax deduction under old regime (option I), then they are required to submit savings in prescribed format (Form no. 12BB).

115BAC(1A). Under the alternative tax regime income tax shall be computed from the assessment year 2025-26 as per the rates given in the following table:

TABLE

| Sl. No. | Total income | Rate of tax |
|---------|-------------------------------------|--------------|
| (1) | (2) | (3) |
| 1. | Upto Rs. 3,00,000 | Nil |
| 2. | From Rs. 3,00,001 to Rs. 7,00,000 | 5 per cent |
| 3. | From Rs. 7,00,001 to Rs. 10,00,000 | 10 per cent |
| 4. | From Rs. 10,00,001 to Rs. 12,00,000 | 15 per cent |
| 5. | From Rs. 12,00,001 to Rs. 15,00,000 | 20 per cent |
| 6. | Above Rs. 15,00,000 | 30 per cent: |

- Exemption limit: Exemption limit is Rs. 3,00,000 /-. It is applicable even in the case of senior citizen and super senior citizen.
- Rebate under section 87A: Rebate under section 87A is available. Further in respect of incomes marginally exceeding 7 lakhs, marginal relief is also available.
- Tax on Other Incomes: If an individual who has opted for the alternative tax regime has other incomes which are taxable under other provisions of Chapter XII (sections 110 to 115BBG but other than section 115BAC) then tax on such other incomes will be calculated as per the rates specified by those sections and balance amount of income will be taxable under section 115BAC as per the rate given in the above table.
- Surcharge applicable under the existing tax regime is also applicable in the case of alternative tax regime under section 115BAC. However if income (which is computed within the parameter of alternative tax regime of section 115BAC) exceed Rs. 2 crore, surcharge from the assessment year 2024-25 will be 25% of income tax. Income tax and surcharge are further increased by health and education cess of 4 per cent.

The following exemptions and deductions are not available for a person opting for the alternative tax regime:

| Exemption / Deduction | Section |
|---|------------|
| Leave travel concession | 10(5) |
| House rent allowance | 10(13A) |
| Special allowances other than those as may be prescribed | 10(14) |
| Allowance to MP/MLA | 10(17) |
| Exemption up to Rs. 1500 available in the case of clubbed income of a minor child | 10(32) |
| Special economic zone | 10AA |
| Entertainment allowance deduction | 16(ii) |
| Professional tax deduction | 16(iii) |
| Interest on housing loan in the case of one or two self-occupied properties | 24(b) |
| Additional depreciation | 32(1)(iia) |
| Investment allowance in the case of backward area | 32AD |

| | |
|--|---------------------------------------|
| Tea/coffee/rubber development account | 33AB |
| Site restoration fund | 33ABA |
| Deduction for scientific research | 35(1)(ii)/(iia)/(iii), 35(2AA) |
| Capital expenditure pertaining to specified business | 35AD |
| Agriculture extension project | 35CCC |
| Deduction under sections 80C to 80U (except employer's contribution towards NPS under section 80CCD(2), Central Government's contribution towards Agniveer Corpus Fund u/s 80CCH(2), deduction under section 80JJAA and deduction under sec 80LA(1A) | 80C to 80U |
| Perquisite exemption in respect of free food and non-alcoholic beverage provided through paid voucher - Notification No. 43/2023 dated 21-6-2023 | Rule 3(7)(iii) r/w sec 17(2)(viii) |

Interest on public provident fund (as well as final payment at the time of maturity) will remain exempt under section 10(11) even if a person pays tax under the alternative tax regime under section 115BAC. Likewise, interest on Sukanya Samriddhi Account (as well as withdrawal or final payment from such account) will enjoy exemption under section 10(11A) even if the concerned person pays tax under the alternative tax regime of section 115BAC.

The following exemptions will be available even under the alternative tax regime of section 115BAC:

| Exemption / Deduction | Section |
|--|-------------------------------|
| Specified allowances to the extent such expenses are actually incurred for that purpose-allowances mentioned in sub-clauses (a) to (c) of sub-rule (1) of rule 2BB. - Notification No. 43/2023 dated 21-6-2023 | 10(14)(i) r/w Rule 2BB(1) |
| Allowance mentioned at Serial No. 11 of the Table below sub-rule (2) of Rule 2BB.- Notification No. 43/2023 dated 21-6-2023 | 10(14)(ii) r/w Rule 2BB(2) |
| Gratuity | 10(10) |
| Commutation of pension | 10(10A) |
| Leave encashment | 10(10AA) |
| Retrenchment compensation | 10(10B) |
| Voluntary retirement compensation | 10(10C) |
| Tax on non-monetary perquisites paid by employer | 10(10CC) |
| Sum received under a Life insurance policy | 10(10D) |
| Interest and withdrawal from recognised provident fund | 10(12) |
| Payment (including withdrawal) from NPS | 10(12A)/(12B) |
| Payment from approved superannuation fund | 10(13) |

Perquisite valuation rules, as provided in rule 3, will remain unaltered even if an employee opts for the alternative tax regime under section 115BAC. However, an employee (who has opted for the alternative tax regime under section 115BAC) cannot avail the exemption pertaining to perquisite in respect of free food and non-alcoholic beverage (Rs. 50 per meal) provided through paid vouchers.

The CBDT vide Circular No. 4 of 2023 dated April 5, 2023 has clarified that the employer shall seek information from each of its employees having income under section 192 of the Act regarding their intended tax regime and each such employee shall intimate the same to the employer for each year and upon intimation, the employer shall compute his total income, and deduct tax at source thereon according to the option exercised. The following points should be noted:

1. The above intimation to the employer shall be only for the purpose of the TDS and cannot be modified during the year.
2. Such intimation to the employer does not amount to exercise of option by the concerned employee under section 115BAC(6). The concerned employee is required to exercise the option under section 115BAC(6) at the time of submission of his return of income (such option could be different from the intimation made to the employer).
3. If the above intimation is not made by the employee, it shall be presumed that the employee continues to be in the default tax regime and has not exercised the option to opt out of the new tax regime. Accordingly the employer shall deduct tds in accordance with the rates provided under sub-section (1A) of section 115BAC of the Act.

All the employees are once again requested to furnish their PAN (Permanent Account Number) and or apply for the same in case not already allotted. **As per provision of sec 206AA of the Income Tax Act, if the deductee fails to furnish his PAN then Tax is deductible at the rates as per IT Act applicable to his income or at the rate of 20% whichever is higher. Besides failure to furnish PAN also attracts a penalty of Rs.10,000/- u/s 272B r/w sec 139A.** Income from other sources if any should also be furnished as early as possible positively. As per provisions of Sec. 139(1) of Income Tax Act, 1961 every employee has to file return of his total income if his gross total income before allowing deductions under Chapter VIA is above the minimum limit slab not liable to TAX.

HOD's are requested to give wide publicity to this circular.

(अनंत चोडणेकर)

Chief Executive Officer,
M/s. U.N. Bene & Co., Tax Consultant,
Margao - Goa.

ALL HOD's

- c.c. to 1. Chairman's Table
- c.c. to 2. Dy. Chairman's Table.
- c.c. to 3. Dy. Manager (I.T.) (for incorporating in the Payroll Software)
- c.c. to 4. All Officers of Finance Department
- c.c. to 5. All Sections of Finance Department
- c.c. to 6. Office Notice Board
- c.c. to 7. Hindi Officer - to translate the circular in Hindi Version.
- c.c. to 8. RAO/MPT
- c.c. to 9. M/s. U.N. Bene & Co., Tax Consultant, Margao - Goa.

UNDER SECTION 80C INVESTMENTS

Deduction in respect of Life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc. (section 80C)

A. Section 80C, entitles an employee to deductions for the whole of amounts paid or deposited in the current financial year in the following schemes, subject to a limit of Rs.1,50,000/-:

- (1) Payment of insurance premium to effect or to keep in force an insurance on the life of the individual, the spouse or any child of the individual or a HUF.
- (2) Any payment made to effect or to keep in force a contract for a deferred annuity, not being an annuity plan as is referred to in item (7) herein below on the life of the individual, the spouse or any child of the individual, 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) Any sum deducted from the salary payable by, or, on behalf of the Government to any individual, being a sum deducted in accordance with the conditions of his service for the purpose of securing to him a deferred annuity or making provision for his spouse or children, in so far as the sum deducted does not exceed 1/5th of the salary;
- (4) Any contribution made:
 - (a) by an individual to any Provident Fund to which the Provident Fund Act, 1925 applies;
 - (b) to any provident fund set up by the Central Government, and notified by it in this behalf in the Official Gazette, where such contribution is to an account standing in the name of an individual, or spouse or children;

[The Central Government has since notified Public Provident Fund vide [Notification S.O. No. 1559\(E\)](#) dated 3-11-5]

- (c) by an employee to a Recognized Provident Fund;
- (d) by an employee to an approved superannuation fund;

It may be noted that "contribution" to any Fund shall not include any sums in repayment of loan or advance;

- (5) Any sum paid or deposited during the year as a subscription: —
 - (a) in the name of employee or a girl child of that employee including a girl child for whom the employee is the legal guardian in any such security of the Central Government or any such deposit scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf;

[The Central Government has since notified the scheme "Sukanya Samridhi Account" vide [Notification GSR No. 863\(E\)](#) dated 02.12.2014]

- (b) to any such saving certificates as defined under section 2(c) of the Government Saving Certificate Act, 1959 as the Government may, by notification in the Official Gazette, specify in this behalf.

[The Central Government has since notified National Saving Certificate (VIIIth Issue) vide [Notification S.O. No. 1560\(E\)](#), dated 3-11-5 and National Saving Certificate (IXth Issue) vide [Notification G.S.R. 848\(E\)](#), dated the 29th November, 2011, publishing the National Savings Certificates (IX- Issue) Rules, 2011 [G.S.R. 868 \(E\)](#), dated the 7th December, 2011, specifying the National Savings Certificates IX Issue as the class of Savings Certificates F No1-13/2011-NS-II r/w amendment [Notification No.GSR 319\(E\)](#), dated 25-4-2012]

- (6) Any sum paid as contribution in the case of an individual, for himself, spouse or any child,
- a. for participation in the Unit Linked Insurance Plan, 1971 of the Unit Trust of India;
 - b. for participation in any unit-linked insurance plan of the LIC Mutual Fund referred to section 10 (23D) and as notified by the Central Government.

[The Central Government has since notified Unit Linked Insurance Plan (formerly known as Dhanraksha, 1989) of LIC Mutual Fund vide [Notification S.O. No. 1561\(E\)](#) dated 3-11-2005.]

- (7) Any subscription made to effect or keep in force a contract for such annuity plan of the Life Insurance Corporation or any other insurer as the Central Government may, by notification in the Official Gazette, specify;

[The Central Government has since notified New Jeevan Dhara. New Jeevan Dhara-I, New52 Jeevan Akshay, New Jeevan Akshay-I and New Jeevan Akshay-II vide [Notification S.O. No. 1562\(E\)](#), dated 3-11-2005, Jeevan Akshay-III vide Notification S.O. No. 847(E), dated 1.6.2006, Jeevan Akshay-VI vide Notification S.O. No. 1184(E) dated 19-5-2010 and Jeevan Akshay-VII vide [Notification S.O. No. 5056\(E\)](#), dated 06.12.2021]

- (8) Any subscription made to any units of any Mutual Fund, of section 10(23D), or from the Administrator or the specified company referred to in Unit Trust of India (Transfer of Undertaking & Repeal) Act, 2002 under any plan formulated in accordance with any scheme as the Central Government, may, by notification in the Official Gazette, specify in this behalf; [The Central Government has since notified the Equity Linked Saving Scheme, 2005 for this purpose vide [Notification S.O. No. 1563\(E\)](#), dated 3.11.2005]

The investments made after 1.4.2006 in plans formulated in accordance with Equity Linked Saving Scheme, 1992 or Equity Linked Saving Scheme, 1998 shall also qualify for deduction under section 80C.

- (9) Any contribution made by an individual to any pension fund set up by any Mutual Fund referred to in section 10(23D), or, by the Administrator or the specified company defined in Unit Trust of India (Transfer of Undertaking & Repeal) Act, 2002,

as the Central Government may, by notification in the Official Gazette, specify in this behalf;

[The Central Government has since notified the Equity Linked Saving Scheme, 2005 for this purpose vide [Notification S.O. No. 1563\(E\)](#), dated 3.11.2005]

- (10) Any subscription made to any such deposit scheme of, or, any contribution made to any such pension fund set up by, the National Housing Bank, as the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (11) Any subscription made to any such deposit scheme, as the Central Government may, by notification in the Official Gazette, specify for the purpose of being floated by (a) public sector companies engaged in providing long-term finance for construction or purchase of houses in India for residential purposes, or, (b) any authority constituted in India by, or, under any law, enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both.

[The Central Government has since notified the Public Deposit Scheme of HUDCO vide [Notification S.O. No.37\(E\)](#), dated 11-1-2007, for the purposes of Section 80C(2)(xvi)(a)].

- (12) Any sums paid by an assessee for the purpose of purchase or construction of a residential house property, the income from which is chargeable to tax under the head "Income from house property" (or which would, if it has not been used for assessee's own residence, have been chargeable to tax under that head) where such payments are made towards or by way of any installment or part payment of the amount due under any self- financing or other scheme of any Development Authority, Housing Board or other authority engaged in the construction and sale of house property on ownership basis.

The deduction is allowable on any instalment or part payment of the amount due to any company or co-operative society of which the assessee is a shareholder or member towards the cost of house property allotted to him.

The deduction will also be allowable in respect of re-payment of loans borrowed by an assessee from the Central Government or any State Government, or any bank, including a cooperative bank, or Life Insurance Corporation, or National Housing Bank, or certain other categories of institutions engaged in the business of providing long term finance for construction or purchase of houses in India. Any repayment of loan borrowed from the employer will also be covered, if the employer happens to be a public company, or a public sector company, or a university established by law, or a college affiliated to such university, or a local authority, or a cooperative society, or an authority, or a board, or a corporation, or any other body established under a Central or State Act.

Payment towards the purchase of house property shall include the stamp duty, registration fee and other expenses but shall not cover admission fee or cost of share or initial deposit or the cost of any addition or alteration to, or, renovation or repair of the house property which is carried out after the issue of the completion certificate

by competent authority, or after the occupation of the house by the assessee or after it has been let out. Payments towards any expenditure in respect of which the deduction is allowable under the provisions of section 24 of the Act will also not be included in payments towards the cost of purchase or construction of a house property.

Where the house property in respect of which deduction has been allowed under these provisions is transferred by the tax-payer at any time before the expiry of five years from the end of the financial year in which possession of such property is obtained by him or he/she receives back, by way of refund or otherwise, any sum specified in section 80C(2)(xviii), no deduction under these provisions shall be allowed in respect of such sums paid in such previous year in which the transfer is made and the aggregate amount of deductions of income so allowed in the earlier years shall be added to the total income of the assessee of such previous year and shall be liable to tax accordingly.

- (13) Tuition fees, except payment in the nature of development fees or donation or payment of similar nature, whether at the time of admission or thereafter, paid to any university, college, school or other educational institution situated in India, for the purpose of full-time education of any two children of the employee.
- (14) Subscription to equity shares or debentures forming part of any eligible issue of capital made by a public company, which is approved by the Board or by any public finance institution.
- (15) Subscription to any units of any mutual fund referred to in clause (23D) of Section 10 and approved by the Board, if the amount of subscription to such units is subscribed only in eligible issue of capital of any company.
- (16) Investment as a term deposit for a fixed period of not less than five years with a scheduled bank, which is in accordance with a scheme framed and notified by the Central Government, in the Official Gazette for these purposes.

[The Central Government has since notified the Bank Term Deposit Scheme, 2006 for this purpose *vide* Notification S.O. No. 1220(E), dated 28.7.2006]
- (17) Subscription to such bonds issued by the National Bank for Agriculture and Rural Development, as the Central Government may, by such notification in the Official Gazette, specify in this behalf.
- (18) Any investment in an account under the Senior Citizens Savings Scheme Rules, 2004.
- (19) Any investment as five year time deposit in an account under the Post Office Time Deposit Rules, 1981.
- (20) Any contribution by employee of the Central Government to a specified account of the pension scheme referred to in section 80CCD —
 - (a) for a fixed period of not less than three years; and

- (b) which is in accordance with the scheme as may be notified by the Central Government in the Official Gazette for the purposes of this clause.

Explanation.—For the purposes of this clause, "specified account" means an additional account referred to in sub-section (3) of section 20 of the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013).

B. Section 80C(3) & 80C(3A) states that in case of Insurance Policy other than contract for a deferred annuity the amount of any premium or other payment made is restricted to:

| | |
|---|---------------------------------------|
| Policy issued before 1st April, 2012 | 20% of the actual capital sum Assured |
| Policy issued on or after 1st April, 2012 | 10% of the actual capital sum Assured |
| Policy issued on or after 1st April, 2013 * - In cases of persons with disability or person with severe disability as per Sec. 80U or suffering from disease or ailment as specified in rules made under Sec. 80DDB | 15% of the actual capital sum assured |

*Introduced by Finance Act, 2013

Actual capital sum assured in relation to a life insurance policy means the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy, not taking into account –

- i.* the value of any premium agreed to be returned, or
- ii.* any benefit by way of bonus or otherwise over and above the sum actually assured which may be received under the policy by any person.