

## Deductions Available under Chapter VI of income tax

Section	Brief Information about the Section
80C	Amount paid or deposited towards life insurance, contribution to Provident Fund set up by the Government, recognized Provident Fund, contribution by the assessee to an approved superannuation fund, subscription to National Savings Certificates, tuition fees, payment/ repayment for purposes of purchase or construction of a residential house and many other investments. For full list, please refer to section 80C of the Income-tax Act. ( The aggregate amount of deduction under section 80C, 80CCC and 80CCD(1) shall not exceed Rs. 1,50,000/- )
80CCC	Deduction in respect of Payment of premium for annuity plan of LIC or any other insurer. Deduction is available upto a maximum of Rs. 150,000/-.  The premium must be deposited to keep in force a contract for an annuity plan of the LIC or any other insurer for receiving pension from the fund.
80CCD(1)	Deduction for contribution in pension scheme notified by the Government to the extent of 10% of salary in case of employees and 10% of total income in case of others.
80CCD(1B)	Maximum Deduction of Rs. 50,000/- for contribution in National Pension Scheme. The deduction is in addition to the maximum

	deduction of Rs. 1,50,000/- available under 80C, 80CCC and 80CCD(1).
80CCD(2)	Contribution by employer in pension scheme notified by the Government to the extent of 10% of salary
80CCG	Deduction is available upto 50% of the amount invested. ( Maximum Deduction available Rs. 25,000/-
80D	Deduction in respect of Medical Insurance Premium for Self and family members. ( Maximum Deduction available Rs. 30,000/- for Senior Citizens and Rs. 25,000/- for others. )  Deduction in respect of Medical Insurance Premium for Parents (Father or mother or both). ( Maximum Deduction available Rs. 30,000/- for Senior Citizens parents and Rs. 25,000/- in other cases. )
80DD	Deduction in respect of maintenance including medical treatment of dependent who is a person with disability. ( Maximum deduction Rs. 100,000/- in case of severe disability (more than 80%) and Rs. 50,000/- in other cases. )
80DDB	Deduction to the extent of Rs. 40,000/- or the amount actually paid, whichever is less for expenditure actually incurred on self or dependent relative for medical treatment of specified disease or ailment
80E	Deduction in respect of interest on loan taken for pursuing higher education. The deduction is also available for the purpose of higher

	education of a relative
80G	Deduction in respect of donations to certain funds, charitable institutions, etc. The various donations specified in Sec. 80G are eligible for deduction upto either 100% or 50% with or without restriction as provided in Sec. 80G
80GG	Deduction in respect of House Rent Paid. ( Maximum Deduction Rs. 24000/- )
80GGA	Deduction in respect of certain donations for scientific research or rural development
80GGC	Deduction in respect of contributions given by any person to political parties
80RRB	Deduction in respect of royalty on patents. ( Maximum Deduction Rs. 3,00,000/-
80QQB	Deduction in respect of royalty on Books. ( Maximum Deduction Rs. 3,00,000/- )
80TTA	Deduction in respect interest on Savi accounts. ( Maximum Deduction Rs. 10,000/- )
80U	Deduction in case of a person with disability. ( Maximum Deduction: General disability - Rs. 50,000/-, Severe disability - Rs. 1,00,000/- . )
88	Rebate on life insurance premia, contribution to provident fund, etc.Maximum Deduction Rs. 150,000/- )

Case laws

**Southern Technologies Ltd. v. Jt. CIT 187 Taxman 346 (SC)** Section 37 applies only to items which do not fall in Sections 30 to 36; if a provision for doubtful debt is expressly excluded from section 36(1)(vii), then such provision can not be claimed as a deduction u/s 37 even on the basis of „real income theory.“

**CIT v. Dhanrajgirji Raja 91 ITR 544 (SC)** It is not open to the department to prescribe what expenditure assessee should incur and in what circumstances he should incur that expenditure. Every businessman knows his interest best.

**Sassoon J. David & Co. (P.) Ltd. v. CIT 118 ITR 261 (SC)** The expression „wholly and exclusively“ used in section 10(2)(xv) of the 1922 Act [corresponding to Sec 37(1) of the 1961 Act] does not mean necessarily. The fact that somebody other than the assessee is also benefited by the expenditure should not come in the way of an expenditure being allowed by way of deduction if it satisfies otherwise the tests laid down by law. K.P.Shah Associates - Chartered Accountants

**CIT v. Woodward Governor India (P.) Ltd. 312 ITR 254 (SC)** Section 37(1), read with section 145, of the Income-tax Act, 1961 - Business expenditure - Allowability of - Assessment year 1998-99 - Whether expression „expenditure“ as used in section 37 may, in circumstances of a particular case, cover an amount which is really a „loss“, even though said amount has not gone out from pocket of assessee - Held, yes Whether loss suffered by assessee on account of foreign exchange difference as on date of balance sheet is an item of expenditure under section 37(1) - Held, yes Whether an enterprise has to report outstanding liability relating to import of raw material using closing rate of foreign exchange and any difference, loss or gain, arising on conversion of said liability at closing rate should be recognized in profit and loss account for reporting period - Held, yes II. Section 43A of the Income-tax Act, 1961 - Foreign currency, rate of exchange, change in - Assessment year 1998-99 - Whether amendment to section 43A by Finance Act, 2002 w.e.f 1-4-2003 is amendatory and not clarificatory - Held, yes Whether under unamended section 43A, „actual payment“ was not a condition precedent for making necessary adjustment in carrying cost of fixed asset acquired in foreign currency - Held, yes K.P.Shah Associates - Chartered Accountants