



Income Tax Department

Government of India

DEDUCTIONS

[AY 2014-15 & AY 2015-16]

Section	Nature of deduction	Who can claim
(1)	(2)	(3)
	Against 'salaries'	
16(ii)	Entertainment allowance [actual or at the rate of 1/5th of salary, whichever is less] [limited to Rs. 5,000]	Government employees
16(iii)	Employment tax	Salaried assessees
	Against 'income from house properties'	
23(1) , first proviso	Taxes levied by local authority and borne by owner if paid in relevant previous year	All assessees
24(a)	Standard deduction [30% of the annual value (gross annual value less municipal taxes)]	All assessees
24(b)	Interest on borrowed capital (Rs. 30,000/Rs. 1,50,000 ¹ , subject to specified conditions)	All assessees
25B	Standard deduction of 30 per cent of arrears of rent received	All assessees who has received arrears of rent
	Against 'profits and gains of business or profession'	
	<i>A. Deductible items</i>	
30	Rent, rates, taxes, repairs (excluding capital expenditure) and insurance for premises	All assessees
31	Repairs (excluding capital expenditure) and insurance of machinery, plant and furniture	All assessees
32	Depreciation on buildings, machinery, plant or furniture, know-how, patents, copyrights, trade marks, licences, franchises, or any other business or commercial rights of similar nature, being intangible assets - Prescribed percentage on WDV in the case of any block of assets ²	All assessees
32AC³	Investment in new plant and machinery between 1-4-2013 and 31-3-2015 (subject to certain conditions and limits)	A company engaged in manufacture or production of any article or thing
33A	Development allowance - 50 per cent of actual cost of planting (subject to certain conditions and limits) (planting should have been completed before 1-4-1990)	Assessee engaged in business of growing and manufacturing tea in India

33AB	Tea/Coffee/Rubber Development Account - Amount deposited in account with National Bank (Special Account) or in Deposit Account of Tea Board, Coffee Board or Rubber Board in accordance with approved scheme or 40% of profits of business, whichever is less (subject to certain conditions)	Assessee engaged in business of growing and manufacturing tea/Coffee/Rubber in India
33ABA	Amount deposited in Special Account with SBI/Site Restoration Account or 20 per cent of profits, whichever is less (subject to certain conditions)	Assessee carrying on business of prospecting for, or extraction or production of, petroleum or natural gas or both in India
35	Expenditure on scientific research for certain specific purposes (subject to certain conditions) ⁴	All assesseees
35A	Expenditure incurred before 1-4-1998 on acquisition of patent rights or copyrights [equal to appropriate fraction of expenditure on acquisition to be deducted in fourteen equal annual instalments beginning with previous year in which such expenditure has been incurred] (subject to certain conditions)	All assesseees
35AB	Lump sum payment made in any previous year relevant to assessment year commencing on or before 1-4-1998, for acquisition of technical know-how [consideration for acquisition to be deducted in six equal annual instalments (3 equal annual instalments where know-how is developed in certain laboratories, universities and institutions)] (subject to certain conditions)	All assesseees
35ABB	Expenditure incurred for obtaining licence to operate telecommunication services either before commencement of such business or thereafter at any time during any previous year	All assesseees
35AC	Expenditure by way of payment of any sum to a public sector company/local authority/approved association or institution for carrying out any eligible scheme or project (subject to certain conditions)	All assesseees
35AD	Capital expenditure incurred, wholly and exclusively, for the purpose of any specified business [setting up and operating a cold chain facility; setting up and operating a warehousing facility for storage of agricultural produce; laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network; building and operating, anywhere in India, a hotel of two-star or above category as classified by the Central Government; building and operating, anywhere in India, a hospital with at least one hundred beds for patients; developing and building a notified housing project under a scheme for slum redevelopment or rehabilitation framed by the Government, as the case may be, in accordance with prescribed guidelines; developing and building a	All assesseees

	notified housing project under a scheme for affordable housing framed by the Government, as the case may be, in accordance with prescribed guidelines; production of fertilizer in India; setting up and operating an inland container depot or a container freight station which is approved/notified under the Customs Act, 1962; bee-keeping and production of honey and beeswax; and setting up and operating a warehousing facility for storage of sugar ⁵ , carried on by the assessee during the previous year in which such expenditure is incurred (subject to certain conditions)	
35CCA	Payment to associations/institutions for carrying out rural development programmes (subject to certain conditions)	All assessees
35CCB	Expenditure incurred before 1-4-2002 by way of payment to approved associations/institutions for carrying out approved programmes of conservation of natural resources or afforestation (subject to certain conditions)	All assessees
35CCC	One and a half times of expenditure on notified agricultural extension project (subject to certain conditions)	All assessees
35CCD	One and a half times of expenditure on notified skill development project (subject to certain conditions)	A company
35D	Amortisation of certain preliminary expenses [deductible in 5 equal annual instalments] (subject to certain conditions)	Indian companies and resident non-corporate assessees
35DD	Amortisation of expenditure incurred after 31-3-1999 in case of amalgamation or demerger in the hands of an Indian company (one-fifth of such expenditure for 5 successive previous years) (subject to certain conditions)	Indian Company
35DDA	Amortisation of expenditure incurred under voluntary retirement scheme in 5 equal annual instalments starting with the year when the expenditure is incurred	All assessees
35E	Expenditure on prospecting, etc., for certain minerals [deductible in ten equal annual instalments] (subject to certain conditions)	Indian companies and resident non-corporate assessees engaged in prospecting, etc., for minerals
36(1)(i)	Insurance premium covering risk of damage or destruction of stocks/stores	All assessees
36(1)(ia)	Insurance premium covering life of cattle owned by a member of co-operative society engaged in supplying milk to federal milk co-operative society	Federal milk co-operative societies
36(1)(ib)	Medical insurance premium paid by any mode other than cash, to insure employee's health under (a) scheme framed by GIC of India and approved by Central	All assessees as employers

	Government; or (b) scheme framed by any other insurer and approved by IRDA	
36(1)(ii)	Bonus or commission paid to employees	All assessees
36(1)(iii)	Interest on borrowed capital	All assessees
36(1)(iiia)	<i>Pro rata</i> amount of discount on a zero coupon bond based on life of such bond and calculated in prescribed manner	All assessees
36(1)(iv)	Contributions to recognised provident fund and approved superannuation fund [subject to certain limits and conditions]	All assessees as employers
36(1)(iva)	Any sum paid by assessee-employer by way of contribution towards a pension scheme, as referred to in section 80CCD , on account of an employee to the extent it does not exceed 10 per cent of the employee's salary in the previous year.	All assessees as employers
36(1)(v)	Contributions to approved gratuity fund [subject to certain limits and conditions]	All assessees as employers
36(1)(va)	Contributions to any provident fund or superannuation fund or any fund set up under Employees' State Insurance Act, 1948 or any other fund for welfare of such employees, received from employees if the same are credited to the employee's account in relevant fund or funds before due date	All assessees as employers
36(1)(vi)	Allowance in respect of animals which have died or become permanently useless [subject to certain conditions]	All assessees
36(1)(vii)	Bad debts which have been written off as irrecoverable [subject to limitation in the case of banks and financial institutions]	All assessees
36(1)(viii)	Provision for bad and doubtful debts <ul style="list-style-type: none"> ■ up to 7½ per cent of total income before making any deduction under this clause and Chapter VI-A, and up to 10 per cent of aggregate average advances made by its rural branches ■ up to 5 per cent (10% in case of Public Financial Institutions, State Financial Corporations and State Industrial Investment Corporations in any of the two consecutive assessment years 2003-04 and 2004-05 - subject to certain conditions) of total income before making any deduction under this clause and Chapter VI-A 	Certain scheduled banks, non-scheduled banks (but other than foreign banks) and co-operative bank (other than primary agricultural credit society or primary co-operative agricultural and rural development bank) Foreign banks/Public financial institutions/State financial corporations/State industrial investment corporations

36(1)(viii)	Amounts transferred to special reserve [subject to certain conditions and maxi-mum of 20 per cent of profits derived from eligible business]	Specified entities, namely, financial corporations/financial corporation which is a public sector company/banking company/co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank/housing finance company/any other financial corporation including a public company
36(1)(ix)	Expenditure for promoting family planning amongst employees (deductible in 5 equal annual instalments in case of capital expenditure)	Companies
36(1)(xi)	Expenditure incurred wholly and exclusively by the assessee on or after the 1st April, 1999 but before the 1st April, 2000 in respect of a non-Y2K compliant system, owned by the assessee and used for the purposes of his business or profession, so as to make such system Y2K compliant computer system	All assessees
36(1)(xii)	Any expenditure (not being in the nature of capital expenditure) incurred by a notified corporation or body corporate, by whatever name called, constituted or established by a Central, State or Provincial Act, for the objects and purposes authorised by the Act under which such corporation or body corporate was constituted or established	Notified corporation or body corporate, by whatever name called, constituted or established by a Central, State or Provincial Act
36(1)(xiii)	Any banking cash transaction tax paid during the previous year on taxable banking transaction entered into by the assessee	All assessees
36(1)(xiv)	Contribution to notified credit guarantee trust fund for small industries	Public financial institution
36(1)(xv)	Securities Transaction Tax paid if corresponding income is included as income under the head 'Profits and gains of business or profession'	All assessees
36(1)(xvi)	Amount equal to commodities transaction tax paid by an assessee in respect of taxable commodities transactions entered into in the course of his business during the previous year, if the income arising from such transactions is included in the income computed under the head "Profits and gains of business or profession"	All assessees
37(1)	Any other expenditure [not being personal or capital expenditure and expenditure mentioned in sections 30 to 36] laid out wholly and exclusively for purposes of	All assessees

	business or profession ⁶	
	<i>B. Non-deductible items</i>	
37(2B)	Advertisement in souvenir, brochure, tract, pamphlet, etc., of political party	All assesseees
40(a)(i)	Interest, royalty, fees for technical services or other chargeable sum payable outside India, or in India to a non-resident or foreign company, on which tax has not been paid/deducted during the previous year or in the subsequent year within time prescribed under section 200(1) . Where in respect of any such sum, tax has been deducted in any subsequent year or, has been deducted in the previous year but paid in any subsequent year after the expiry of the time prescribed under sub-section (1) of section 200 , such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid ⁷	All assesseees
40(a)(ia)	Any interest, commission or brokerage, rent, royalty, fees for professional services or fees for technical services payable to a resident, or amounts payable to a contractor or sub-contractor, being resident, for carrying out any work (including supply of labour for carrying out any work) ⁸ , on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139 . However, where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139 , such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.	All assesseees
40(a)(ii)	Rate or tax levied on the profits or gains of any business or profession	All assesseees
40(a)(iia)	Wealth-tax paid	All assesseees
40(a)(iib)	Amount paid by way of royalty, licence fee, service fee, privilege fee, service charge or any other fee or charge, by whatever name called, which is levied exclusively on, or any amount which is appropriated, whether directly or indirectly, from a State Government undertaking by the State Government	State Govt. undertakings
40(a)(iii)	Salaries payable outside India, or in India to a non-resident, on which tax has not been paid/deducted at source	All assesseees as employers
40(a)(iv)	Payments to provident fund/other funds for employees' benefit for which no effective arrangements are made to secure that tax is deducted at source on payments made from such funds which are chargeable to tax as 'salaries'	All assesseees as employers

40(a)(v)	Tax actually paid by an employer referred to in section 10(10CC)	All assessees as employers
40(b)	Interest, salary, bonus, commission or remuneration paid to partners (subject to certain conditions and limits)	Firms
40(ba)	Interest, salary, bonus, commission or remuneration paid to members (subject to certain conditions and limits)	Association of persons or body of individuals (except a company or a co-operative society, society registered under Societies Registration Act, etc.)
40A(2)	Expenditure involving payment to relative/director/partner/substantially interested person, etc., which, in the opinion of the Assessing Officer, is excessive or unreasonable	All assessees
40A(3)	100% of payments exceeding Rs. 20,000 (Rs. 35,000 in case of payment made for plying, hiring or leasing goods carriages) made to a person in a day otherwise than by account payee cheque/bank draft (subject to certain conditions)	All assessees
40A(7)	Any provision for payment of gratuity to employees, other than a provision made for purposes of contribution to approved gratuity fund or for payment of gratuity that has become payable during the year (subject to specified conditions)	All assessees as employers
40A(9)	Any sum paid for setting up or formation of, or as contribution to, any fund, trust, company, AOP, BOI, Society or other institution, other than recognised provident fund/approved superannuation fund/pension scheme referred to in section 80CCD /approved gratuity fund	All assessees as employers
<i>C. Other deductible items</i>		
42(1)	In case of mineral oil concerns allowances specified in agreement entered into by Central Government with any person (subject to certain conditions and terms of agreement)	Assessees engaged in prospecting for or extraction or production of mineral oils
42(2)	In case of mineral oil concerns expenditure incurred remaining unallowed as reduced by proceeds of transfer	Assessee whose business consists of prospecting for or extraction or production of petroleum and natural gas and who transfers any interest in such business
43B	Any sum which is actually paid, relating to (i) tax/duty/cess/fee levied under any law, (ii) contribution to provident fund/superannuation fund/gratuity fund/any fund for employees' welfare, (iii) bonus/commission to employees, (iv) interest on loan/borrowing from any public financial institution, State Financial Corporation or State Industrial	All assessees

	Investment Corporation/interest payments to scheduled banks/Co-operative banks on loans or advances, and (v) sum payable by employers by way of leave encashment to employees. Deduction will not be allowed in year in which liability to pay is incurred unless actual payment is made in that year or before the due date of furnishing of return of income for that year	
44A	Expenditure in excess of subscription, etc., received from members (subject to certain conditions and limits)	Trade, professional or similar association
44C	Head office expenditure (subject to certain conditions and limits)	Non-resident
	Against 'capital gains'	
48(i)	Expenditure incurred wholly and exclusively in connection with transfer of capital asset	All assessees
48(ii)	Cost of acquisition of capital asset and of any improvement thereto (indexed cost of acquisition and indexed cost of improvement, in case of long-term capital assets)	All assessees
54	Long-term capital gains on sale of residential house and land appurtenant thereto invested in purchase/construction of another residential house ² (subject to certain conditions and limits)	Individual/HUF
54B	Capital gains on transfer of land used for agricultural purposes, by an individual or his parents or a HUF, invested in other land for agricultural purposes (subject to certain conditions and limits)	Individual/HUF
54D	Capital gains on compulsory acquisition of land or building forming part of an industrial undertaking invested in purchase/construction of other land/building for shifting/re-establishing said undertaking or setting up new industrial undertaking (subject to certain conditions and limits)	Any assessee
54EA	Net consideration on transfer of long-term capital asset made before 1-4-2000 invested in specified bonds, debentures, shares of a public comp-any or units of notified mutual funds (subject to certain conditions and limits)	Any assessee
54EB	Long-term capital gains on transfer of any long-term capital asset made be-fore 1-4-2000 invested in specified long-term assets (subject to certain conditions and limits)	Any assessee
54EC	Long-term capital gains invested in long-term specified asset (bond redeemable after 3 years) (maximum investment in a financial year is Rs. 50 lakhs) ¹⁰ issued by National Highways Authority of India; or by the Rural Electrification Corporation Limited (subject to certain conditions and limits)	Any assessee
54ED	Long-term capital gains on transfer before 1-4-2006 of	Any assessee

	certain listed securities or units invested in equity shares forming part of an eligible issue of capital (subject to certain conditions and limits)	
54F	Net consideration on transfer of long-term capital asset other than residential house invested in residential house ¹¹ (subject to certain conditions and limits)	Individual/HUF
54G	Capital gain on transfer of machinery, plant, land or building used for the purposes of the business of an industrial undertaking situate in an urban area (transfer being effected for shifting the undertaking to a non-urban area) invested in new machinery, plant, building or land, in the said non-urban area, expenses on shifting, etc. (subject to certain conditions and limits)	Any assessee
54GA	Exemption of capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area to any Special Economic Zone (subject to certain conditions and limits)	All assessees
54GB	Exemption in respect of capital gain arising from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee, and such assessee before the due date of furnishing of return of income under sub-section (1) of section 139 utilises the net consideration for subscription in the equity shares of an eligible company and such company has, within one year from the date of subscription in equity shares by the assessee, utilised this amount for purchase of specified new asset (subject to certain conditions and limits).	Individual/HUF
Against 'income from other sources'		
<i>A. Deductible items</i>		
57(i)	Any reasonable sum paid by way of commission or remuneration for purpose of realising dividend (other than dividends referred to in section 115-O)	All assessees
57(i)	Any reasonable sum paid by way of commission or remuneration for the purpose of realising interest on securities	All assessees
57(ia)	Contributions to any provident fund or superannuation fund or any fund set up under Employees' State Insurance Act, 1948 or any other fund for welfare of employees, if the same are credited to employees' accounts in relevant funds before due date	All assessees
57(ii)	Repairs, insurance, and depreciation of building, plant and machinery and furniture	Assessee engaged in business of letting out of machinery, plant and furniture and buildings on hire
57(ia)	In case of family pension, $33\frac{1}{3}$ per cent of such pension or Rs. 15,000, whichever is less	Assessee in receipt of family pension on death of

		employee being member of assessee's family
57(iii)	Any other expenditure (not being capital expenditure) expended wholly and exclusively for earning such income	All assessees
57(iv)	In case of interest received on compensation or on enhanced compensation referred to in section 145A(2) , a deduction of 50 per cent of such income (subject to certain conditions)	All assessees
	<i>B. Non-deductible items</i>	
58(1)(a)(i)	Personal expenses	All assessees
58(1)(a)(ii)	Interest chargeable to tax which is payable outside India on which tax has not been paid or deducted at source	All assessees
58(1)(a)(iii)	'Salaries' payable outside India on which no tax is paid or deducted at source	All assessees
58(1A)	Wealth-tax	All assessees
58(2)	Expenditure of the nature specified in section 40A	All assessees
58(4)	Expenditure in connection with winnings from lotteries, crossword puzzles, races, games, gambling or betting	All assessees
	For certain payments	
80C	<ul style="list-style-type: none"> ■ Life insurance premium for policy : <ul style="list-style-type: none"> - in case of individual, on life of assessee, assessee's spouse and any child of assessee - in case of HUF, on life of any member of the HUF ■ Sum paid under a contract for a deferred annuity : <ul style="list-style-type: none"> - in case of individual, on life of the individual, individual's spouse and any child of the individual (however, contract should not contain an option to receive cash payment in lieu of annuity) ■ Sum deducted from salary payable to Government servant for securing deferred annuity or making provision for his wife/children [qualifying amount limited to 20% of salary] ■ Contributions by an individual made under Employees' Provident Fund Scheme ■ Contribution to Public Provident Fund Account in the name of: <ul style="list-style-type: none"> - in case of individual, such individual or his spouse or any child of such individual ■ Contribution by an employee to a recognised provident fund ■ Contribution by an employee to an approved superannuation fund ■ Subscription to any notified security or notified 	Individual/HUF

deposit scheme of the Central Government

- Subscription to notified savings certificates [National Savings Certificates (VIII Issue)]
- Contribution for participation in unit-linked Insurance Plan of UTI :
 - in case of an individual, in the name of the individual, his spouse or any child of such individual
 - in case of a HUF, in the name of any member thereof
- Contribution to notified unit-linked insurance plan of LIC Mutual Fund [Dhanaraksha 1989]
 - in the case of an individual, in the name of the individual, his spouse or any child of such individual
 - in the case of a HUF, in the name of any member thereof
- Subscription to notified deposit scheme or notified pension fund set up by National Housing Bank [Home Loan Account Scheme/National Housing Banks (Tax Saving) Term Deposit Scheme, 2008]
- Tuition fees (excluding development fees, donations, etc.) paid by an individual to any university, college, school or other educational institution situated in India, for full time education of any 2 of his/her children
- Certain payments for purchase/construction of residential house property
- Subscription to notified schemes of (a) public sector companies engaged in providing long-term finance for purchase/construction of houses in India for residential purposes/(b) authority constituted under any law for satisfying need for housing accommodation or for planning, development or improvement of cities, towns and villages, or for both
- Sum paid towards notified annuity plan of LIC (New Jeevan Dhara/New Jeevan Dhara-I/New Jeevan Akshay/New Jeevan Akshay-I/New Jeevan Akshay-II/Jeevan Akshay-III plan of LIC) or other insurer
- Subscription to any units of any notified [u/s 10(23D)] Mutual Fund or the UTI (Equity Linked Saving Scheme, 2005)
- Contribution by an individual to any pension fund set up by any mutual fund which is referred to in [section 10\(23D\)](#) or by the UTI (UTI Retirement Benefit Pension Fund)
- Subscription to equity shares or debentures forming part of any approved eligible issue of capital made by a public company or public

	<p>financial institutions</p> <ul style="list-style-type: none"> ■ Subscription to any units of any approved mutual fund referred to in section 10(23D), provided amount of subscription to such units is subscribed only in 'eligible issue of capital' referred to above. ■ Term deposits for a fixed period of not less than 5 years with a scheduled bank, and which is in accordance with a scheme¹² framed and notified. ■ Subscription to notified bonds issued by the NABARD. ■ Deposit in an account under the Senior Citizen Savings Scheme Rules, 2004 (subject to certain conditions) ■ 5-year term deposit in an account under the Post Office Time Deposit Rules, 1981 (subject to certain conditions) 	
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Notes:

1. Deduction is limited to whole of the amount paid or deposited subject to a maximum of Rs. 1,00,000¹³. This maximum limit of Rs. 1,00,000¹³ is the aggregate of the deduction that may be claimed under [sections 80C](#), [80CCC](#) and [80CCD](#).
2. The sums paid or deposited need not be out of income chargeable to tax of the previous year. Amount may be paid or deposited any time during the previous year, but the deduction shall be available on so much of the aggregate of sums as do not exceed the total income chargeable to tax during the previous year.
3. Life Insurance premium is part of gross qualifying amount for the purpose of deduction under [section 80C](#). Payment of premium which is in excess of 10 per cent (if policy is issued on or after 1-4-2013, 15% in case of insurance on life of person with disability referred to in [section 80U](#) or suffering from disease or ailment specified in [section 80DDB/rule 11DD](#)) of actual capital sum assured shall not be included in gross qualifying amount. The value of any premiums agreed to be returned or of any benefit by way of bonus or otherwise, over and above the sum actually assured, which is to be or may be received under the policy by any person, shall not be taken into account for the purpose of calculating the actual capital sum assured.

The limit of 10 per cent will be applicable only in the case of policies issued on or after 1-4-2012. In respect of policies issued prior to 1-4-2012, the old limit of 20 per cent of actual sum assured will be applicable.

With effect from 1-4-2013, 'actual capital sum assured' in relation to a life insurance policy shall mean 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 is to be or may be received under the policy by any person.
4. Where, in any previous year, an assessee—
 - (i) terminates his contract of insurance, by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premium, by not reviving contract of insurance,—
 - (a) in case of any single premium policy, within two years after the date of commencement of insurance; or
 - (b) in any other case, before premiums have been paid for two years; or

- (ii) terminates his participation in any unit-linked insurance plan (ULIP), by notice to that effect or where he ceases to participate by reason of failure to pay any contribution, by not reviving his participation, before contributions in respect of such participation have been paid for five years; or
- (iii) transfers the house property before the expiry of five years from the end of the financial year in which possession of such property is obtained by him, or receives back, whether by way of refund or otherwise, any sum specified in that clause,

then,—

- (a) no deduction shall be allowed to the assessee with reference to any of such sums, paid in such previous year; and
- (b) the aggregate amount of the deductions of income so allowed in respect of the previous year or years preceding such previous year, shall be deemed to be the income of the assessee of such previous year and shall be liable to tax in the assessment year relevant to such previous year.

If any equity shares or debentures, with reference to the cost of which a deduction is allowed, are sold or otherwise transferred by the assessee to any person at any time within a period of three years from the date of their acquisition, the aggregate amount of the deductions of income so allowed in respect of such equity shares or debentures in the previous year or years preceding the previous year in which such sale or transfer has taken place shall be deemed to be the income of the assessee of such previous year and shall be liable to tax in the assessment year relevant to such previous year.

A person shall be treated as having acquired any shares or debentures on the date on which his name is entered in relation to those shares or debentures in the register of members or of debenture-holders, as the case may be, of the public company.

5. If any amount, including interest accrued thereon, is withdrawn by the assessee from his deposit account made under (a) Senior Citizen Saving Scheme or (b) Post Office Time Deposit Rules, before the expiry of the period of five years from the date of its deposit, the amount so withdrawn shall be deemed to be the income of the assessee of the previous year in which the amount is withdrawn and shall be liable to tax in the assessment year relevant to such previous year.

The amount liable to tax shall not include the following amounts, namely:—

- (i) any amount of interest, relating to deposits referred to above, which has been included in the total income of the assessee of the previous year or years preceding such previous year; and
- (ii) any amount received by the nominee or legal heir of the assessee, on the death of such assessee, other than interest, if any, accrued thereon, which was not included in the total income of the assessee for the previous year or years preceding such previous year.

<i>Section</i>	<i>Nature of deduction</i>	<i>Who can claim</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
80CCC¹⁴	Contributions to certain pension funds of LIC or any other insurer (up to Rs. 1,00,000) (subject to certain conditions) ¹⁵	Individual
1580CCD	Contribution to pension scheme notified by Central Government up to 10% of salary (or w.e.f. assessment year 2015-16, Rs. 1,00,000, whichever is less) (subject to certain conditions and limits) ¹⁶	Individual
80CCF	Amount up to Rs. 20,000, paid or deposited, during the previous years relevant to assessment year 2011-12 or	Individual/HUF

80CCG	<p>2012-13, as subscription to notified long-term infrastructure bonds</p> <p>50 per cent of amount invested by specified resident individuals in notified equity savings scheme¹⁷(subject to certain conditions and limits) (maximum deduction : Rs. 25,000)</p>	Specified resident individuals (new retail investors)
80D	<p>Medical insurance premia paid by any mode other than cash to LIC or any other insurer up to following limits (subject to certain conditions)</p> <ul style="list-style-type: none"> ■ In case of individuals, premia paid <ul style="list-style-type: none"> - for self, spouse and dependent children : Rs. 15,000 (Rs. 20,000 if person insured is a senior citizen); and - for parents of the assessee : (Additional) Rs. 15,000 (Rs. 20,000 if person insured is a senior citizen) ■ In case of HUF, premia up to Rs. 15,000 (Rs. 20,000 if person insured is a senior citizen) paid to insure any member of the family.¹⁸ 	Individual/HUF
80DD	<p>Deduction of Rs. 50,000 (Rs. 1,00,000 in case of severe disability) to a resident individual/HUF where (a) any expenditure has been incurred for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability [as defined under Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995] (w.e.f. assessment year 2005-06 including autism, cerebral palsy and multiple disability as referred to in National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities Act, 1999), or (b) any amount is paid or deposited under an approved scheme framed in this behalf by the LIC or any other insurer or the Administrator or the specified company [as referred to in UTI (Transfer of Undertaking & Repeal) Act, 2002] for the maintenance of a dependent, being a person with disability (subject to certain conditions)</p>	Resident Individual/HUF
80DDB	<p>Expenses actually paid for medical treatment of specified diseases and ailments subject to certain conditions¹⁹</p>	Resident Individual/HUF
80E	<p>Amount paid out of income chargeable to tax by way of payment of interest on loan taken from financial institution/approved charitable institution for pursuing higher education²⁰ (subject to certain conditions) (maximum period : 8 years)</p>	Individual
80EE	<p>Interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property (Maximum deduction : Rs.</p>	Individual

	<p>3,00,000)</p> <p>80G Donations to certain approved funds, trusts, charitable institutions/donations for renovation or repairs of notified temples, etc. [amount of deduction is 50 per cent of net qualifying amount]. 100 per cent of qualifying donations to National Defence Fund, Prime Minister's National Relief Fund, Prime Minister's Armenia Earthquake Relief Fund, Africa (Public Contributions - India) Fund, National Children's Fund (from 1-4-2014), Government or approved association for promoting family planning, universities and approved educational institutions of national eminence, National Foundation for Communal Harmony, Chief Minister's Earthquake Relief Fund (Maharashtra), Zila Saksharta Samitis, National or State Blood Transfusion Council, Fund set up by State Government to provide medical relief to the poor, Army Central Welfare Fund, Indian Naval Benevolent Fund and Air Force Central Welfare Fund, Andhra Pradesh Chief Minister's Cyclone Relief Fund, National Illness Assistance Fund, Chief Minister's Relief Fund or the Lt. Governor's Relief Fund in respect of any State or Union Territory, National Sports Fund, National Cultural Fund, Fund for Technology Development and Application, Indian Olympic Association, etc.²¹, fund set up by State Government of Gujarat exclusively for providing relief to victims of earthquake in Gujarat, National Trust for Welfare of Persons with Autism, Cerebral palsy, Mental retardation and Multiple Disabilities, and sums paid between 26-1-2001 and 30-9-2001 to any eligible trust, institution or fund for providing relief to Gujarat earthquake victims²² [subject to certain conditions and limits]²³</p>	All assesseees
<p>80GG</p>	<p>Rent paid in excess of 10% of total income for furnished/unfurnished resi-dential accommodation (subject to maximum of Rs. 2,000 p.m. or 25% of total income, whichever is less) (subject to certain conditions)</p>	Individuals not receiving any house rent allowance
<p>80GGA²⁴</p>	<p>Certain donations for scientific, social or statistical research or rural development programme or for carrying out an eligible project or scheme or National Urban Poverty Eradication Fund (subject to certain conditions)</p>	All assesseees not having any income chargeable under the head 'Profits and gains of business or profession'
<p>80GGB</p>	<p>Sum contributed to any political party/electoral trust²⁵</p>	Indian company
<p>80GCC</p>	<p>Sum contributed to any political party/electoral trust²⁵</p>	All assesseees, other than local authority and artificial juridical person wholly or partly funded by Government

For certain incomes

80-IA	Profits and gains from industrial undertakings engaged in infrastructure facility, telecommunication services, industrial park, development of Special Economic Zone, power undertakings, etc. (subject to certain conditions and limits) ²⁶	All assessees
80-IAB	Profits and gains derived by undertaking/enterprise from business of developing a Special Economic Zone notified on or after 1-4-2005 (subject to certain conditions and limits)	Assessee being Developer of SEZ
80-IB	Profits and gains from industrial undertakings, cold storage plant, hotel, scientific research & development, mineral oil concern, housing projects, cold chain facility, multiplex theatres, convention centres, ships, etc. (subject to certain conditions and limits)	All assessees
80-IC	<p>Profits and gains derived by an undertaking or an enterprise in special category States (Himachal Pradesh, Uttaranchal, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) (subject to certain limits, time limits and conditions),</p> <p>(a) which has begun or begins to manufacture or produce any article or thing, not being any article or thing specified in the Thirteenth Schedule, or which manufactures or produces any article or thing, not being any article or thing specified in the Thirteenth Schedule and undertakes substantial expansion during the specified period.</p> <p>(b) which has begun or begins to manufacture or produce any article or thing specified in the Fourteenth Schedule or commences any operation specified in that Schedule, or which manufactures or produces any article or thing, specified in the Fourteenth Schedule or commences any operation specified in that Schedule and undertakes substantial expansion during the specified period</p>	All assessees
80-ID	Profits and gains from business of hotels and convention centres in specified areas (subject to certain conditions).	All assessees
80-IE	Deduction in respect of certain undertakings in North Eastern States.	All assessees
80JJA	Entire income from business of collecting and processing or treating of bio-degradable waste for generating power, or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas, making pellets or briquettes for fuel or organic manure (for 5 consecutive assessment years)	All assessees
80JJAA	30 per cent of additional wages paid to new regular workmen employed in the previous year for 3 assessment years including the assessment year relevant to the previous year in which such employment is	Indian company having profits and gains derived from manufacture of goods in a factory

	provided (subject to certain conditions)	
80LA	Certain incomes of Scheduled banks/banks incorporated outside India having Offshore Banking Units in a Special Economic Zone/Units of International Financial Services Centre (subject to certain conditions and limits)	Scheduled Banks/banks incorporated outside India/Units of International Financial Services Centre
80P	Specified incomes [subject to varying limits specified in sub-section (2)]	Co-operative societies
80QOB	Royalty income of author of certain specified category of books (up to Rs. 3,00,000) (subject to certain conditions)	Resident Individual - Author
80RRB	Royalty on patents up to Rs. 3,00,000 in the case of a resident individual who is a patentee and is in receipt of income by way of royalty in respect of a patent registered on or after 1-4-2003 (subject to certain conditions).	Resident individuals
80TTA	Interest on deposits in savings bank accounts (up to Rs. 10,000 per year)	Individuals/HUFs
80U	Deduction of Rs. 50,000 to a resident individual who, at any time during the previous year, is certified by the medical authority to be a person with disability [as defined under Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995] [w.e.f. assessment year 2005-06 including autism, cerebral palsy, and multiple disabilities as defined under National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities Act, 1999] [in the case of a person with severe disability, allowable deduction is Rs. 1,00,000] (subject to certain conditions).	Resident individuals
	Rebates	
87A	Tax rebate in case of individual resident in India, whose total income does not exceed five hundred thousand rupees; quantum of rebate shall be an amount equal to hundred per cent of such income-tax or an amount of two thousand rupees, whichever is less.	Individual

1. Rs. 2,00,000 with effect from assessment year 2015-16.
2. Provisions of section 32 shall apply whether or not the assessee has claimed depreciation.
3. The benefit of section 32AC has been extended by incorporating section 32AC(1A) with effect from the assessment year 2015-16. Under section 32AC(1A), investment allowance will be available if the aggregate amount of actual cost of new plant and machinery acquired

and installed by a manufacturing company during any previous year exceeds Rs. 25 crore. The amount of investment allowance will be 15 per cent of actual cost of new asset acquired and installed during the previous year. This deduction will be available for the assessment years 2015-16 to 2017-18. However, no deduction will be available for the assessment year 2015-16 under section 32AC(1A) to a company which is eligible for deduction under section 32AC(1).

4. Deduction under section 35(2AB) shall be available in respect of expenditure incurred upto 31-3-2017.

5. With effect from assessment year 2015-16 business of laying and operating a slurry pipeline for the transportation of iron ore and the business of setting up and operating a notified semi-conductor wafer fabrication manufacturing unit, have been included.

- ◆ Following amendments are also made in section 35AD with effect from assessment year 2015-16 :

With a view to ensure that the capital asset on which investment linked deduction has been claimed is used for the purposes of the specified business, sub-section (7A) has been inserted in section 35AD to provide that any asset in respect of which a deduction is claimed and allowed under section 35AD, shall be used only for the specified business for a period of 8 years beginning with the previous year in which such asset is acquired or constructed. Moreover, if such asset is used for any purpose other than the specified business, the total amount of deduction so claimed and allowed in any previous year in respect of such asset (as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction had been allowed under section 35AD), shall be deemed to be income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the asset is so used. However, this provision will not apply to a company which has become a sick industrial company under section 17(1) of the Sick Industrial Companies (Special Provisions) Act within the time period of 8 years as stated above.

- ◆ Where any deduction under section 35AD has been availed of by the assessee on account of capital expenditure incurred for the purposes of specified business in any assessment year, no deduction under section 10AA shall be available to the assessee in the same or any other assessment year in respect of such specified business.

6. With effect from assessment year 2015-16 a new *Explanation 2* has been inserted in section 37(1) to clarify that expenditure incurred by the assessee on Corporate Social Responsibility activities in accordance with section 135 of the Companies Act, 2013 will not be considered as expenditure incurred by the assessee for the purposes of the business or profession.

7. Following chart explains amendments made in section 40(a)(i) with effect from the assessment year 2015-16 :

<i>TDS default pertaining to any sum (other than salary) payable outside India or payable to a non-resident which is taxable in the hands of recipient in India</i>	<i>Law applicable up to the assessment year 2014-15</i>	<i>Law applicable from the assessment year 2015-16</i>
1. Tax is deductible but it is not deducted	Expenditure is not deductible. If, however, TDS is deposited in a subsequent year, it will be deducted	No amendment. The law which is applicable for the assessment year 2014-15 will apply for assessment year 2015-16 onwards

	in that year	
2. Tax is deductible (and it is so deducted during April 1 and February 28/29 of the financial year) but it is not deposited up to March 31 of the financial year	Expenditure is not deductible. If, however, TDS is deposited in a subsequent year, it will be deducted in that year	Disallowance provisions will not be applicable if TDS is deposited up to the due date of submission of return of income under section 139(1). If TDS is deposited after this date, expenditure will be deductible in the year in which TDS is deposited.
3. Tax is deductible (and it is so deducted during the month of March) but it is not deposited up to April 30 falling immediately after the end of the financial year	Expenditure is not deductible. If, however, TDS is deposited in a subsequent year, it will be deducted in that year	Disallowance provisions will not be applicable if TDS is deposited up to the due date of submission of return of income under section 139(1). If TDS is deposited after this date, expenditure will be deductible in the year in which TDS is deposited.

8. Following amendments have been made in section 40(a)(ia) with effect from the assessment year 2015-16 :

- *Coverage of disallowance extended* - Before amendment, disallowance provisions of section 40(a)(ia), covered TDS default under sections 193, 194A, 194C, 194D, 194H, 194-I and 194J. After amendment, disallowance under section 40(a)(ia), will cover any amount payable to a resident which is subject to TDS.
- *Only 30 per cent expenditure to be disallowed* - In case of TDS default, 30 per cent of expenditure (not 100 per cent) will be disallowed.

9. One residential house in India with effect from assessment year 2015-16.

10. With effect from assessment year 2015-16 limit of Rs. 50 lakhs applies to total amount invested during financial year in which original asset is transferred and in subsequent financial year.

11. One residential house in India with effect from assessment year 2015-16.

12. See Bank Term Deposits Scheme, 2006.

13. Rs. 1,50,000, with effect from assessment year 2015-16.

14. Where deduction is claimed under this section, deduction in relation to same amount cannot be claimed under section 80C.

15. Section 80CCE provides that the aggregate amount of deductions under section 80C, section 80CCC and section 80CCD shall not, in any case, exceed one lakh rupees. (Rs. 1,50,000 w.e.f. assessment year 2015-16)

With effect from assessment year 2015-16, amended sub-section (1) has clarified that a non-government employee can claim deduction under section 80CCD even if his date of joining is prior to January 1, 2004.

16. With effect from the assessment year 2012-13 section 80CCE is amended so as to provide that contribution made by the Central Government or any other employer to a pension scheme under sub-section (2) of section 80CCD shall not be included in the limit of deduction of one lakh rupees (Rs. 1,50,000 w.e.f. assessment year 2015-16) provided under section 80CCE.

Following table demonstrates maximum deduction available in sections 80C, 80CCC and 80CCD with effect from assessment year 2015-16.

	From the assessment year 2015-16	
Section	Maximum deduction under relevant section	Cumulative maximum

		<i>deduction [Sec. 80CCE</i>
Section 80C	Rs. 1,50,000	
Section 80CCC	Rs. 1,00,000	
Section 80CCD(1) (<i>i.e.</i> , employee's contribution or assessee's contribution towards NPS)	10% of "salary" [for a self-employed person : 10% of GTI] or Rs. 1,00,000, whichever is less	Rs. 1,50,000
Section 80CCD(2) (<i>i.e.</i> , employer's contribution towards NPS)	10% of salary	Not applicable

17. Rajiv Gandhi Equity Savings Scheme, 2012/2013.

With effect from assessment year 2014-15 (a) investment in listed units of an equity oriented fund is also permitted; (b) deduction shall be allowed for three consecutive assessment years, beginning with the assessment year relevant to previous year in which the listed equity shares or listed units of equity oriented fund were first acquired and (c) gross total income of the assessee for relevant assessment year shall not exceed twelve lakh rupees.

18. With effect from 1-4-2013 (a) deduction is available in respect of any payment made by an assessee on account of preventive health check-up of self, spouse, dependent children or parent during the previous year upto a limit of five thousand rupees within the existing limits prescribed above; (b) the age for defining a senior citizen is reduced from sixty five years to sixty and (c) cash may be paid on account of preventive health check up.

With effect from 1-4-2014, deduction shall also be allowed in respect of any payment or contribution made by assessee to any other health scheme (other than CGHS) as may be notified by the Central Government [Contributory Health Service Scheme of the Department of Space].

19. Maximum deduction allowable is Rs. 40,000 (Rs. 60,000 where expenditure is incurred on a senior citizen).

With effect from 1-4-2013 the age for defining a senior citizen is reduced from sixty five years to sixty years.

20. Scope of 'higher education' is enlarged with effect from assessment year 2010-11 to cover any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, Board or university recognised 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.

With effect from 1-4-2010 the scope of expression 'relative' has also been enlarged to cover the student for whom the taxpayer is the legal guardian.

21. Donation of any sums paid by the assessee, being a company, in the previous year as donations to the Indian Olympic Association or to any other association or institution established in India, as the Central Government may, having regard to the prescribed guidelines, by notification in the Official Gazette, specify in this behalf for—

- (i) the development of infrastructure for sports and games; or
- (ii) the sponsorship of sports and games,

in India;

is eligible for the purpose of deduction under section 80G [this is in consequence of omission of section 10(23)].

22. Donation made to an 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 is

also eligible for the purpose of deduction under section 80G from the assessment year 2003-04 [this is in consequence of omission of section 10(20A)].

23. With effect from 1-4-2013 no deduction shall be allowed in respect of donation of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.
24. With effect from 1-4-2013 no deduction shall be allowed under this section in respect of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.
25. With effect from 1-4-2014 deduction will not be allowed if sum is contributed in cash.
26. Time limits stated under section 80-IA(4)(iv) have been extended from 31-3-2014 to 31-3-2017.

[As amended by Finance (No. 2) Act, 2014]