

Deductions under Chapter VI A of Income Tax Act: Know how much tax may be saved

Chapter VI A of Income Tax Act contains various sub-sections of section 80 that allows an assessee to claim deductions from the gross total income on account of various tax-saving investments, permitted expenditures, donations etc. Such deductions allow an assessee to considerably reduce the tax payable.

The Chapter VI A of Income Tax Act contains the following sections:

80C: Deduction in respect of life insurance premium, deferred annuity, contributions to provident fund (PF), subscription to certain equity shares or debentures, etc. The deduction limit is Rs 1.5 lakh together with section 80CCC and section 80CCD(1).

80CCC: Deduction in respect of contribution to certain pension funds. The deduction limit is Rs 1.5 lakh together with section 80C and section 80CCD(1).

80CCD(1): Deduction in respect of contribution to pension scheme of Central Government – in the case of an employee, 10 per cent of salary (Basic+DA) and in any other case, 20 per cent of his/her gross total income in a FY will be tax free. Overall limit is Rs 1.5 lakh together with 80C and 80CCC.

80CCD(1B): Deduction up to Rs 50,000 in respect of contribution to pension scheme of Central Government (NPS).

80CCD(2): Deduction in respect of contribution to pension scheme of Central Government by employer. Tax benefit is given on 14 per cent contribution by the employer, where such contribution is made by the Central Government and where contribution is made by any other employer, tax benefit is given on 10 per cent.

80D: Deduction in respect of Health Insurance premium. Premium paid up to Rs 25,000 is eligible for deduction for individuals, other than senior citizens. For senior citizens, the limit is Rs 50,000 and overall limit u/s 80D is Rs 1 lakh.

80DD: Deduction in respect of maintenance including medical treatment of a dependent who is a person with disability. The maximum deduction limit under this section is Rs 75,000.

80DDB: Deduction in respect of expenditure up to Rs 40,000 on medical treatment of specified disease from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist, as may be prescribed.

80E: Deduction in respect of interest on loan taken for higher education without any upper limit.

80EE: Deduction in respect of interest up to Rs 50,000 on loan taken for residential house property.

80EEA: Deduction in respect of interest up to Rs 1.5 lakh on loan taken for certain house property (on affordable housing).

80EEB: Deduction in respect of interest up to Rs 1.5 lakh on loan taken for purchase of electric vehicle.

80G: Donations to certain funds, charitable institutions, etc. Depending on the nature of the donee, the limit varies from 100 per cent of total donation, 50 per cent of total donation or 50 per cent of donation with a cap of 10 per cent of gross income.

80GG: Deductions in respect of rent paid by non-salaried individuals who don't get HRA benefits. Deduction limit is Rs 5,000 per month or 25 per cent of total income in a year, whichever is less.

80GGA: Full deductions in respect of certain donations for scientific research or rural development.

80GGC: Full deductions in respect of donations to Political Party, provided such donations are non-cash donations.

80TTA: Deductions in respect of interest on savings bank accounts up to Rs 10,000 in case of assessee other than Resident senior citizens.

80TTB: Deductions in respect of interest on deposits up to Rs 50,000 in case of Resident senior citizens.

80U: Deduction in case of a person with disability. Depending on type and extent of disability maximum deduction allowed under this section is Rs 1.25 lakh.

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