

Soften tax blow with exemption on medical costs

Healthcare costs have always been a key concern

for families. The burden has risen over the years, and it now constitutes a significant part of households' budget. The Income-Tax Act, however, provides relief by allowing deductions in respect of such expenditure.

An individual can avail himself of tax benefits against expenditure on medical treatment, preventive check-ups and health insurance premiums. Let us look at such tax- planning tools.

Expenditure incurred on medical insurance (Sec 80D)

If you buy medical insurance in the name of self, spouse or dependent children, a deduction of up to R15,000 is available. An additional deduction of R15,000 is granted if the cover is bought in the name of your parents. If your parents aged 60 years or above, the deduction increases to R20,000. You can claim deduction of up to R5,000 on expenses incurred on preventive health check-ups, subject to the aforesaid overall limit. Hence, deduction for medical insurance is available from R15,000 to R40,000, subject to prescribed conditions.

Expenses on medical treatment (Sec 80DDB)

Medical treatment of a specified disease, for self or for a dependent, is entitled for a deduction of R40,000, or R60,000 in case of senior citizens (60 plus). All you need to do is furnish a certificate from a specialist working in a prescribed government hospital. The dependents can be your spouse, child, parent, brother or sister. However, you keep in mind that this deduction is net of the amount reimbursed by your employer or insurer. Moreover, the benefit can only be availed by an Indian resident.

Expenditure on dependants (Sec 80DD)

A resident individual who incurs expenditure for treatment or rehabilitation of a disabled dependant, or gets an insurance scheme framed as per LIC for such disabled dependent, is entitled for a deduction of R50,000. The amount extends to R1 lakh if the dependant suffers from severe disability.

Expenditure incurred on disability (Sec 80U)

The I-T Act has special provisions giving relief to individuals in such hardships. If you are certified by a medical authority as disabled, you are entitled for a deduction of R50,000 from your gross total income. This limit extends to R1 lakh in case of severe disability, as specified in the Act.

The list does not end here. Apart from the above deductions, you can claim exemption for the perquisites from your employer in the form of medical reimbursement up to R15,000 per year. While the deductions have to be deducted from your gross total income, the medical reimbursement benefit shall be deducted out of salary income.

(Financial Express)