

<https://www.financialexpress.com/money/income-tax/income-tax-deductions-for-individuals-hra-deposits-to-pension-funds-what-you-must-know/1779246/>

## **Income Tax Deductions for Individuals: HRA, Deposits to Pension Funds – What you must know**

29th November'19

*Income Tax Deductions for Individuals: You may be aware of the deductions from gross total income available under Income Tax Act 1961.*



Income Tax Deductions for Individuals: You may be aware of the deductions from gross total income available under Income Tax Act 1961. Those who have recently started making an income may not be aware as to what purpose is served by the facility of deduction available under the tax law. Well, deductions help in reducing the total taxable income of an individual and, thus, in saving the total tax to be paid by him/her. In this article we are going to discuss about some of the basic but important deductions which an individual should know:

### **Section 80D: Deduction in respect of Health Insurance premium**

Deduction of Rs.25,000 under section 80D on insurance for self, spouse and dependent children can be claimed by an Individual. An additional deduction for insurance of parents is available up to Rs 25,000, if they are less than 60 years of age. If the parents are aged above 60, the deduction amount is Rs 50,000, which has been increased in Budget 2018 from Rs 30,000.

In case, both taxpayer and parent(s) are 60 years or above, the maximum deduction available under this section is up to Rs.1 lakh.

### **Section 80DD: Deduction in respect of maintenance including medical treatment of a dependent disabled**

Deduction under this section is available to a resident individual on:

- a. Expenditure incurred on medical treatment (including nursing), training and rehabilitation of handicapped dependent relative
- b. Payment or deposit to specified scheme for maintenance of handicapped dependent relative.

---

Where disability is 40% or more but less than 80% – fixed deduction of Rs 75,000.

Where there is severe disability (disability is 80% or more) – fixed deduction of Rs 1,25,000.

### **Section 80DD: Deduction in respect of Medical Treatment**

Resident individual can claim the deduction under this section for the medical expenses incurred on himself or a dependent relative. The amount of deduction under this section shall be equal to Rs. 40,000 or amount actually paid, whichever is less. But if the amount of medical expense is paid in respect of senior citizen i.e. residential individual having age 60 years or more, then the amount of deduction will be Rs. 1,00,000 or amount actually paid, whichever is less.

The deduction under this section shall be reduced by the amount received by an insurer or employer as reimbursement of the expenses made.

### **Section 80C: Deduction in respect of investment made in specified assets**

Deduction under this section is available to a resident Individual up to Rs. 1,50,000 if invested in specified assets. Below listed are the investments/contributions eligible for deduction:

- Life Insurance Premium
- Premium paid in respect of a contract for deferred annuity.
- Any sum deducted from the salary payable of a government employee for securing deferred annuity.
- Contribution to any provident fund to which the Provident Funds Act, 1925 (19 of 1925) applies
- Any sum paid or deposited in Sukanya Samridhi Account
- Subscription to National Saving Certificates VIII
- Contribution to Unit Linked Insurance Plan
- Repayment of Housing Loan including stamp duty, registration fee and other expenses
- Payment of Tuition fee to any university, college, school or other educational institutions within India for full-time education for maximum 2 children

The above list only includes some important deductions.

### **Section 80CCC: Deduction in respect of contribution to certain pension funds**

Deduction to an individual for any amount paid or deposited in any annuity plan of LIC or any other insurer is provided under this section. The plan must be for receiving a pension from a fund referred to in Section 10(23AAB). The maximum allowable deduction is Rs. 1,50,000.

---

**Sections CCD: Deduction in respect of contribution to pension scheme of Central Government:**

This section allows deduction in respect of the amount paid to the pension scheme notified by Central Government. Maximum deduction one can avail is 10% of salary (in case the taxpayer is an employee) or 20% of gross total income (in case the taxpayer being self-employed).

***(By Sakshi Agarwal, Chief Mentor & Leader, Corporate Secretarial & Legal, Sameer Mittal & Associates LLP.)***