



Income Tax Department

Government of India

DEDUCTIONS*

[AY 2023-24]

Section	Nature of deduction	Who can claim
(1)	(2)	(3)
	Against 'salaries'	
16(ia)	Standard Deduction [Rs. 50,000 or the amount of salary, whichever is lower]	Individual – Salaried Employee & Pensioners
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. 2,00,000, subject to specified conditions)	All assessees
25A(2)	Standard deduction of 30 per cent of arrears of rent or unrealised rent received	All assessees
	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(1)(i)	Depreciation ¹ in respect of following assets shall be allowed at prescribed percentage on actual cost of an asset (i.e., Straight Line Method): <ul style="list-style-type: none"> i. Tangible Assets (buildings, machinery, plant or furniture); ii. Intangible Assets (know-how, patents, copyrights, trademarks, licenses, franchises, or any other business or commercial rights of similar nature). <p>However, if asset is acquired and put to use for less than 180 days during the previous year, the deduction shall be restricted to 50% of depreciation computed above.</p> <p>Note:</p>	Taxpayer engaged in business of generation or generation and distribution of power.

	<p>Taxpayers engaged in business of generation or generation and distribution of power have the option to claim depreciation on written down value basis also</p> <p>32(1)(ii) Depreciation¹ in respect of following assets shall be allowed at prescribed percentage on written down value of each block of asset (as per WDV method):</p> <ol style="list-style-type: none"> i. Tangible Assets (buildings, machinery, plant or furniture); ii. Intangible Assets (know-how, patents, copyrights, trademarks, licenses, franchises, or any other business or commercial rights of similar nature not being goodwill of business or profession). <p>However, if asset is acquired and put to use for less than 180 days during the previous year, the deduction shall be restricted to 50% of depreciation computed above.</p>	<p>All assesseees engaged in business or profession</p>
<p>32(1)(iia)</p>	<p>Additional depreciation shall be allowed at 20% of actual cost of new plant and machinery [other than ships, aircraft, office appliances, second hand plant or machinery, etc.] (Subject to certain conditions).</p> <p>However, if an asset is acquired and put to use for less than 180 days during the previous year, 50% of additional depreciation shall be allowed in year of acquisition and balance 50% would be allowed in the next year.</p>	<p>All taxpayers engaged in:</p> <ol style="list-style-type: none"> a) manufacture or production of any article or thing; or b) generation, transmission or distribution of power (if taxpayer is not claiming depreciation on straight line basis).
<p>Proviso to Section 32(1)(iia)</p>	<p>Additional depreciation shall be allowed at 35% of actual cost of new plant and machinery [other than ships, aircraft, office appliances, second hand plant or machinery, etc.] (Subject to certain conditions).</p> <p>However, if an asset is acquired and put to use for less than 180 days during the previous year, 50% of additional depreciation shall be allowed in year of acquisition and balance 50% would be allowed in the next year.</p> <p>Note:</p> <ol style="list-style-type: none"> 1. Manufacturing unit should be set-up on or after April 1, 2015. 2. New plant and machinery should be acquired and installed on or after April 1, 2015 but before April 1, 2020. 	<p>All taxpayers setting-up an undertaking or enterprise for production or manufacture of any article or thing in any notified backward area in the state of Andhra Pradesh, Bihar, Telangana or West Bengal.</p>
<p>32AC</p>	<p>Investment allowance shall be allowed at 15% of actual cost of new asset acquired and installed by a company engaged in business or manufacturing or production of any article or thing (Subject to certain conditions)</p> <p>Note:</p> <p>Deduction shall be available if actual cost of new plant and machinery acquired and installed by the company during the previous year exceeds Rs. 25/100 Crores, as the case may be</p>	<p>Company engaged in business of manufacturing or production of any article or thing.</p>
<p>32AD</p>	<p>Investment allowance shall be allowed at 15% of actual cost of investment made in new plant and machinery (other than ships, aircraft, vehicle, office appliances, second hand plant or</p>	<p>All taxpayers who acquire new plant and machinery for purpose of setting-up</p>

	<p>machinery, etc.) if manufacturing unit is set-up in notified backward area in the State of Andhra Pradesh, Bihar, Telangana or West Bengal (subject to certain conditions).</p> <p>Note:</p> <ol style="list-style-type: none"> 1. New asset should be acquired and installed on or after April 1, 2015 but before April 1, 2020. 2. Manufacturing unit should be set-up on or after April 1, 2015. 3. Deduction shall be allowed under section 32AD in addition to deduction under section 32AC if assessee fulfils the specified conditions. 	<p>manufacturing unit in notified backward areas in the State of Andhra Pradesh, Bihar, Telangana or West Bengal</p>
33A	<p>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)</p>	<p>Assessee engaged in business of growing and manufacturing tea in India</p>
33AB	<p>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)</p>	<p>Assessee engaged in business of growing and manufacturing tea/Coffee/Rubber in India</p>
33ABA	<p>Amount deposited in Special Account with SBI/State Restoration Account or 20 per cent of profits, whichever is less (subject to certain conditions)</p>	<p>Assessee carrying on business of prospecting for, or extraction or production of, petroleum or natural gas or both in India</p>
35(1)(i)	<p>Revenue expenditure on scientific research pertaining to business of assessee is allowed as deduction (Subject to certain conditions).</p> <p>Note:</p> <p>Expenditure on scientific research incurred within 3 years before commencement of business (in the nature of purchase of materials and salary of employees other than perquisite) is allowed as deduction in the year of commencement of business to the extent certified by prescribed authority.</p>	<p>All assessee</p>
35(1)(ii)²⁶	<p>100% of contribution made to approved research association, university, college or other institution to be used for scientific research shall be allowed as deduction (Subject to certain conditions)</p>	<p>All assessee</p>
35(1)(iia)	<p>100% of contribution made to an approved company registered in India to be used for the purpose of scientific research is allowed as deduction (Subject to certain conditions)</p>	<p>All assessee</p>
35(1)(iii)	<p>100% of contribution made to approved research association, university, college or other institution with objects of undertaking statistical research or research in social sciences shall be allowed as deduction (Subject to certain conditions)</p>	<p>All assessee</p>
35(1)(iv) <i>read with</i> 35(2)	<p>Capital expenditure incurred during the year on scientific research relating to the business carried on by the assessee is allowed as deduction (Subject to certain conditions)</p>	<p>All assessee</p>

	<p>Capital expenditure incurred within 3 years before commencement of business is allowed as deduction in the year of commencement of business.</p> <p>Note:</p> <p>i. Capital expenditure excludes land and any interest in land; ii. No depreciation shall be allowed on such assets.</p>	
35(2AA)²⁶	<p>100% of payment made to a National Laboratory or University or an Indian Institute of Technology or a specified person is allowed as deduction (Subject to certain conditions). The payment should be made with the specified direction that the sum shall be used in a scientific research undertaken under an approved programme.</p>	All assessee
35(2AB)²⁶	<p>100% of any expenditure incurred by a company on scientific research (including capital expenditure other than on land and building) on in-house scientific research and development facilities as approved by the prescribed authorities shall be allowed as deduction (Subject to certain conditions).</p> <p>Note:</p> <p>Company should enter into an agreement with the prescribed authority for co-operation in such research and development and fulfils such conditions with regard to maintenance of accounts and audit thereof and furnishing of reports in such manner as may be prescribed;</p>	Company engaged in business of bio-technology or in any business of manufacturing or production of eligible articles or things
35A	<p>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)</p>	All assessees
35AB	<p>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)</p>	All assessees
35ABA	<p>Capital expenditure incurred and actually paid for acquiring any right to use spectrum for telecommunication services shall be allowed as deduction over the useful life of the spectrum in equal instalments</p>	All Assessee engaged in telecommunication services
35ABB	<p>Expenditure incurred for obtaining licence to operate telecommunication services either before commencement of such business or thereafter at any time during any previous year</p>	All assessees
35AD	<p>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</p>	<p>All assessees</p> <p>Note: Such deduction is available to Indian company in case of following business, namely;-</p>

	<p>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 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. Lying and operating a slurry pipeline for the transportation of iron ore; setting-up and operating a notified semi-conductor wafer fabrication manufacturing unit; developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility⁴, carried on by the assessee during the previous year in which such expenditure is incurred (subject to certain conditions)</p> <p>Note: No deduction of any capital expenditure above Rs 10,000 shall be allowed where such expenditure is incurred otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.</p>	<p>i) Business of laying and operating a cross-country natural gas or crude or petroleum oil pipeline network.</p> <p>ii) Developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility.</p>
35CCA	Payment to associations/institutions for carrying out rural development programmes (subject to certain conditions)	All assesseees
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 assesseees
35CCC	100% of expenditure on notified agricultural extension project (subject to certain conditions)	All assesseees
35CCD	100% 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 assesseees
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 assesseees

35E	Expenditure on prospecting, etc., for certain minerals [deductible in ten equal annual instalments] (subject to certain conditions)	Indian companies and resident non-corporate assessee engaged in prospecting, etc., for minerals
36(1)(i)	Insurance premium covering risk of damage or destruction of stocks/stores	All assessee
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 Government; or (b) scheme framed by any other insurer and approved by IRDA	All assessee as employer
36(1)(ii)	Bonus or commission paid to employees	All assessee
36(1)(iii)	Interest on borrowed capital ²	All assessee
36(1)(iia)	Pro rata amount of discount on a zero coupon bond based on life of such bond and calculated in prescribed manner	All assessee
36(1)(iv)	Contributions to recognised provident fund and approved superannuation fund [subject to certain limits and conditions]	All assessee as employer
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 assessee as employer
36(1)(v)	Contributions to approved gratuity fund [subject to certain limits and conditions]	All assessee as employer
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 assessee as employer
36(1)(vi)	Allowance in respect of animals which have died or become permanently useless [subject to certain conditions]	All assessee
36(1)(vii) ³	Bad debts which have been written off as irrecoverable [subject to limitation in the case of banks and financial institutions]	All assessee
36(1)(viiia)	Provision for bad and doubtful debts <ul style="list-style-type: none"> ■ up to 8.5 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 	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

	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	investment corporations. Non-Banking Financial Company
36(1)(viii)	Amounts transferred to special reserve [subject to certain conditions and maximum 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 assesseees
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 assesseees
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 assesseees
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 assesseees
36(1)(xvii)	Amount of expenditure incurred by a co-operative society for purchase of sugarcane shall be allowed as deduction to the extent of lower of following: a) Actual purchase price of sugarcane; or	Co-operative society engaged in business of manufacturing sugar

	b) Price of sugarcane fixed or approved by the Government	
36(1)(xviii)	Marked to market loss or other expected loss as computed in accordance with the ICDS notified under section 145(2)	All Assesseees
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 business or profession ⁵	All assesseees
	<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 deducted or after deduction, has not been paid on or before the due date of filing of return under section 139(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 139 , such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid ⁶ However, where deductor has failed to deduct the tax and he is not deemed to be an assessee in default under first proviso to section 201(1) , then it shall be deemed that the deductor has deducted and paid the tax on the date on which the payee has furnished his return of Income.	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) ⁷ , 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. However, where deductor has failed to deduct the tax and he is not deemed to be an assessee in default under first proviso to section 201(1) , then it shall be deemed that the deductor has deducted and paid the tax on the date on which the payee has furnished his return of Income.	All assesseees
40(a)(ib)	Any sum paid or payable to a non-resident which is subject to a deduction of Equalisation levy would attract disallowance if such sum was paid without deduction of such levy or if it was	All assesseees

	deducted but not deposited with the Central Government till the due date of filing of return. However, where in respect of any such sum, Equalisation levy is deducted or deposited in subsequent year, as the case may be, the expenditure so disallowed shall be allowed as deduction in that year.	
40(a)(ii)	Rate or tax levied on the profits or gains of any business or profession	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 assesseees 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 assesseees
40A(3)	100% of payments exceeding Rs. 10,000 (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 or use of electronic clearing system through a bank account or through such other electric mode as may be prescribed. (subject to certain conditions)	All assesseees
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 assesseees 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	All assesseees as employers

	fund/approved superannuation fund/pension scheme referred to in section 80CCD /approved gratuity fund	
40(A)(13)	No deduction shall be allowed in respect of marked to market loss or other unexpected loss except as allowable under section 36(1)(xviii) .	All assessee
	<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)	Assessee 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 Investment Corporation (v) interest payments to scheduled banks/Co-operative banks (other than a primary agricultural and development bank)/primary co-operative agricultural and rural development bank on loans or advances, (vi) interest on loan or borrowings from a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company and (vii) sum payable by employers by way of leave encashment to employees. (viii) sum payable to the Indian Railways for the use of railway assets. 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	All assessee
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 assessee
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 assessee
54	Long-term capital gains on sale of residential house and land appurtenant thereto invested in purchase/construction of another residential house ⁸ (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
54EE	Long-term capital gain invested in long-term specified assets being units of such fund as may be notified by Central Government to finance start-ups	All assesses
54F	Net consideration on transfer of long-term capital asset other than residential house invested in residential house ¹⁰ (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 assesseees
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). W.e.f. April 1, 2017, eligible start-up is also included in definition of eligible company.	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	All assesseees
57(i)	Any reasonable sum paid by way of commission or remuneration for the purpose of realising interest on securities	All assesseees
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	All assesseees

	are credited to employees' accounts in relevant funds before due date	
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 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 assesseees
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 assesseees
	<i>B. Non-deductible items</i>	
58(1)(a)(i)	Personal expenses	All assesseees
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 assesseees
58(1)(a)(iii)	'Salaries' payable outside India on which no tax is paid or deducted at source	All assesseees
58(1A)	Disallowance due to TDS default (Covered by section 40(a)(ia) and 40(a)(iia)).	All assesseees
58(2)	Expenditure of the nature specified in section 40A	All assesseees
58(4)	Expenditure in connection with winnings from lotteries, crossword puzzles, races, games, gambling or betting	All assesseees
	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) - in case of HUF, on life of any member of the HUF ■ 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 	Individual/HUF

- Contribution to Public Provident Fund Account in the name of:
 - in case of individual, such individual or his spouse or any child of such individual
 - in case of HUF, any member of HUF
- 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 deposit scheme of the Central Government. For this purpose, Sukanya Samriddhi Account Scheme has been notified vide Notification No. 9/2015, dated 21.01.2015. Any sum deposited during the year in Sukanya Samriddhi Account by an individual would be eligible for deduction.
- Amount can be deposited by an individual or in the name of girl child of an individual or in the name of the girl child for whom such an individual is the legal guardian.
- 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 financial institutions
- 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 scheme¹¹ 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)
- Contribution to specified account of the pension scheme referred to in [80CCD](#), in case of central Government employee.

Notes:

1. Deduction is limited to whole of the amount paid or deposited subject to a maximum of Rs. 1,50,000¹². This maximum limit of Rs. 1,50,000¹² 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.

Section	Nature of deduction	Who can claim
(1)	(2)	(3)
80CCC¹³	Contributions to certain pension funds of LIC or any other insurer (up to Rs. 1,50,000) (subject to certain conditions) ¹⁴	Individual
1480CCD	Contribution to pension scheme notified by Central Government up to 10% of salary (subject to certain conditions and limits) ¹⁵ Contribution made by employer shall also be allowed as deduction under 80CCD(2) while computing total income of the employee. However, amount of deduction could not exceed 14% of salary where contribution is made by central/state government and 10% of salary, where contribution is made by any other employee.	Individual
80CCF	Amount up to Rs. 20,000, paid or deposited, during the previous years relevant to assessment year 2011-12 or 2012-13, as subscription to notified long-term infrastructure bonds	Individual/HUF
80D¹⁷	Amount paid (in any mode other than cash) by an individual or HUF to LIC or other insurer to effect or keep in force an insurance on the health of specified person. An individual can also make payment to the Central Government health scheme and/or on account of preventive health check-up (subject to limit) <ul style="list-style-type: none"> ■ specified person means: <ul style="list-style-type: none"> - In case of Individual - self, spouse, dependent children or parents - In case of HUF - Any member thereof ■ Deduction for preventive health check-up shall not exceed in aggregate Rs. 5,000. ■ Payment on account of preventive health check-up may be made in cash. 	Individual/HUF
80DD	Deduction of Rs. 75,000 (Rs. 1,25,000 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 for the maintenance of a dependent, being a person with disability (subject to certain conditions)	Resident Individual/HUF
80DDB	Expenses actually paid for medical treatment of specified	Resident Individual/HUF

	diseases and ailments subject to certain conditions ¹⁸	
80E	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 education ¹⁹ (subject to certain conditions) (maximum period : 8 years)	Individual
80EE	Interest payable on loan taken by an individual from any financial institution for the purpose of acquisition of a residential house property subject to certain condition. (Maximum deduction 50,000)	Individual
80EEA	Interest payable on loan taken by an individual, who is not eligible to claim deduction under 80EE , from any financial institution for the purpose of acquisition of a residential house property subject to certain condition. (Maximum deduction 1,50,000)	Individual
80EEB	Interest payable on loan taken by an individual from any financial institution for the purpose of purchase of an electric vehicle subject to certain condition. (Maximum deduction 1,50,000)	Individual
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 Citizen Assistance and Relief in Emergency Situations Fund (PM CARES 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. ²⁰ , 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 victims ²¹ , the Swachh Bharat Kosh and the Clean Ganga Fund (from assessment year 2015-16) and	All assesseees

	National Fund for Control of Drug Abuse (from assessment year 2016-17) [subject to certain conditions and limits] ²²	
80GG	Rent paid in excess of 10% of total income for furnished/unfurnished residential accommodation (subject to maximum of Rs. 5,000 p.m. or 25% of total income, whichever is less) (subject to certain conditions)	Individuals not receiving any house rent allowance
80GGA²³	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)	All assesseees not having any income chargeable under the head 'Profits and gains of business or profession'
80GGB	Sum contributed to any political party/electoral trust ²⁴	Indian company
80GGC	Sum contributed to any political party/electoral trust ²⁴	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) ²⁵ No deduction under this section shall be available to an enterprise which starts the development or operation and maintenance of the infrastructure facility on or after the 1st day of April, 2017.	All assesseees
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) No deduction under this section shall be available to an assessee, being a developer, where the development of Special Economic Zone begins on or after the 1st day of April, 2017.	Assessee being Developer of SEZ
80-IAC	Profit and gains derived by an eligible start-up from specified business on or after 1-4-2017 (subject to certain conditions) ²⁷	Company and LLP
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 assesseees No deduction shall be available to an enterprise which commence the business activity on or after 1-4-2017.
80-IBA	Profits and gains derived by assessee from the business of developing and building affordable housing projects. (subject to certain conditions)	All assesseees
80-IC	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),	All assesseees

	<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>	
80-ID	Profits and gains from business of hotels and convention centres in specified areas (subject to certain conditions).	All assesseees
80-IE	Deduction in respect of certain undertakings in North Eastern States.	All assesseees
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 assesseees
80JJAA	<p>Deduction of 30% of additional employee cost in respect of employment of new employees.</p> <p>Additional employee cost means total emoluments paid or payable to additional employees employed during the previous year.</p> <p>Deduction shall be allowed for first three Assessment Years including the Assessment Year relevant to previous year in which such employment is provided.</p> <p>(Subject to certain other condition)</p>	Assessee to whom section 44AB applies
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
80M	Inter-corporate dividend shall be allowed to be reduced from total income of company receiving the dividend if same is further distributed to shareholders one month prior to the due date of filing of return.	Domestic Company
80P	Specified incomes [subject to varying limits specified in sub-section (2)]	Co-operative societies
80QQB	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	Resident individuals

	way of royalty in respect of a patent registered on or after 1-4-2003 (subject to certain conditions).	
80TTA	Interest on deposits in savings bank accounts (up to Rs. 10,000 per year)	Individuals/HUFs (except Senior Citizen)
80TTB	Interest on deposit in saving account or fixed deposit (upto Rs. 50,000 per year)	Senior citizen
80U	Deduction of Rs. 75,000 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. 1,25,000] (subject to certain conditions).	Resident individuals
	Rebates	
87A	Tax rebate in case of individual resident in India, whose total income does not exceed Rs. 5,00,000 quantum of rebate shall be an amount equal to hundred per cent of such income-tax or an amount of Rs. 12,500, whichever is less.	Resident Individual

1. Provisions of [section 32](#) shall apply whether or not the assessee has claimed depreciation.
2. If sum is borrowed for acquiring a capital asset, interest thereon pertaining to the period before asset is first put to use shall not be allowed as deduction.
3. W.e.f. assessment year 2016-17, bad-debts shall be allowed as deduction even if they are not written-off from books of accounts. Such deduction shall be allowed if amount of debt or part thereof has been taken into account in computing income on the basis of Income Computation and Disclosure Standards notified under [section 145\(2\)](#) without recording the same in the accounts.
4. With effect from assessment year 2018-19 business of developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility, has been included.

- ◆ [Section 35AD](#) was amended by Finance (No. 2) Act, 2014 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 10AA](#), 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 10AA](#)), 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.

5. 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.

Further, with effect from assessment year 2022-23, a new *Explanation 3* has been inserted in [section 37\(1\)](#) to clarify that expenditure incurred to provide perquisite, in whatever form to any person, irrespective of whether the recipient is engaged in any business or profession, where the acceptance of such benefit or perquisite is a violation of any rule, law or regulation, which governs the recipient, shall be deemed to have not been incurred for business or profession and accordingly, the deduction for the same shall not be available. Furthermore, the expenditure, whether constituting an offence as per the prevailing laws in India or outside India, or prohibited by any law in force – whether in India or outside India, shall not be eligible for deduction under [section 37\(1\)](#).

6. 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 in that year	No amendment. The law which is applicable for the assessment year 2014-15 will apply for assessment year 2015-16 onwards
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.

Following chart explains amendments made in [section 40\(a\)\(i\)](#) with effect from the assessment year 2020-21 :

TDS default pertaining to any sum (other than	Law applicable up to the assessment year	Law applicable from the assessment year 2020-21

salary) payable outside India or payable to a non-resident which is taxable in the hands of recipient in India	2019-20	
Tax is deductible but not deducted, but Payee has furnished his return of income after taking into account said income and paid tax thereon	Expenditure is not deductible. If, however, TDS is deposited in a subsequent year, it will be deducted in that year	Were deductor has failed to deduct the tax and payee has furnished his return of income after considering such income and paid tax thereon, deductor shall not deemed to be an assessee in default, then it shall be deemed that the assessee has deducted and paid the tax on the date on which the payee has furnished his return of Income. Accordingly expenditure shall be allowable as deduction.

7. 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.

8. One residential house in India with effect from assessment year 2015-16. With effect from Assessment Year 2020-21, a taxpayer has an option to make investment in two residential house properties in India. This option can be exercised by the taxpayer only once in his lifetime provided the amount of long-term capital gain does not exceed Rs. 2 crores.

9. 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.

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

11. See Bank Term Deposits Scheme, 2006.

12. with effect from assessment year 2015-16.

13. Where deduction is claimed under this section, deduction in relation to same amount cannot be claimed under [section 80C](#).

14. [section 80CCE](#) provides that the aggregate amount of deductions under [section 80C](#), [section 80CCC](#) and [section 80CCD\(1\)](#) shall not, in any case, exceed Rs. 1,50,000

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.

15. 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 Rs. 1,50,000 provided under [section 80CCE](#).

With effect from assessment year 2016-17, sub-section (1A) of [section 80CCD](#) which laid down maximum deduction limit of Rs. 1,00,000 (under sub-section (1)) has been deleted.

Further, a new sub-section (1B) is inserted to provide for additional deduction to the extent of Rs. 50,000. The additional deduction is not subject to ceiling limit of Rs. 1,50,000 as provided under [section 80CCE](#).

However, it is to be noted that addition deduction of Rs. 50,000 shall not be allowed in respect of contribution which is considered for deduction under [section 80CCD\(1\)](#), i.e., within limit of 10% of salary/gross total income

Any payment from NPS to an employee because of closure or his opting out of the pension scheme is chargeable to tax. However, with effect from the assessment year 2017-18, the whole amount received by the nominee from NPS on death of the assessee shall be exempt from tax.

16. 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.

17. Section 80D is amended by the Finance Act, 2018. From assessment year 2019-20 onwards the deduction under **Section 80D** will be available as per the limit specified below:

Individual	HUF
For self, spouse and dependent children : Rs. 25,000 (Rs. 50,000 if person insured is a senior citizen*);	Premium up to Rs. 25,000 (Rs. 50,000 if member insured is a senior citizen) paid to insure any member of the family.
For parents of the assessee : (Additional) Rs. 25,000 (Rs. 50,000 if person insured is a senior citizen)	NA
Medical expenditure if no amount is paid in respect of health insurance-Rs.50,000 (only in case of senior citizen)	Medical expenditure if no amount is paid in respect of health insurance-Rs.50,000 (only in case of senior citizen)
Aggregate amount of deduction cannot exceed Rs.1,00,000 in any case	Aggregate amount of deduction cannot exceed Rs.50,000 in any case.

*'Senior citizen' means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year.

18. Maximum deduction is Rs. 40,000 (Rs. 1,00,000 where expenditure is incurred for a senior citizen [w.e.f assessment year 2019-20])

With effect from assessment year 2016-17, the taxpayer shall be required to obtain a prescription from a specialist doctor (not necessarily from a doctor working in a Government hospital) for availing this deduction.

19. 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.

20. 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)**].

21. 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\(20A\)](#)].

- [22.](#) With effect from 1-4-2013 no deduction shall be allowed in respect of donation of any sum exceeding two thousand rupees unless such sum is paid by any mode other than cash.
- [23.](#) 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.
- [24.](#) With effect from 1-4-2014 deduction will not be allowed if sum is contributed in cash.
- [25.](#) Time limits stated under [section 80-IA\(4\)\(iv\)](#) have been extended from 31-3-2014 to 31-3-2017.
- [26.](#) 100% deduction shall be allowed from the AY beginning on or after the 1st day of April, 2021.
- [27.](#) With effect from Assessment Year 2018-19:
 - i.* 'Eligible business' means a business carried out by an eligible start up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation.
 - ii.* "Eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:
 - a. it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2023
 - b. the total turnover of its business does not exceed 100 crore rupees in the previous years in which deduction is claimed; and
 - c. it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government

[As amended by Finance Act, 2022]