Deduction Under Income Tax Chapter VI A

Sec 80 C to 80 U of Income Tax Act, 1961
Gross Total Income vs. Total Income

Gross Total Income (GTI) means the aggregate of income computed under each head as per provisions of the Act.

GTI is computed after giving effect to the provisions for clubbing of incomes and set off of losses, but before making any deductions under Chapter VIA of the Act.

In order to compute ‘Total Income’, deductions under Chapter VIA are considered and adjusted from GTI.

The aggregate amount of deductions under Chapter VIA cannot exceed GTI of the assessee.
Over view of Chapter VI A deductions
Sec 80 C Of Income Tax Act

- Life insurance premium for policy:
  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
  The premium paid should be maximum of 20% of sum assured.

- Sum paid under a contract for a deferred annuity
  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]
Sec 80C Of Income Tax Act (Cont)

- 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
Sec 80C Of Income Tax Act (Cont)

- Contributions by an individual made under Employees' Provident Fund Scheme
- 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, SukanyaSamriddhi Account Scheme has been notified vide Notification No. 9/2015, dated 21.01.2015. Any sum deposited during the year in SukanyaSamriddhi Account by an individual would be eligible for deduction.
Sec 80C Of Income Tax Act (Cont)

- 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
Sec 80C Of Income Tax Act (Cont)

- 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
Sec 80C Of Income Tax Act (Cont)

- 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 scheme framed and notified.

- Subscription to notified bonds issued by the NABARD.

- Deposit in an account under the Senior Citizen Savings Scheme Rules, 2004
  - 5-year term deposit in an account under the Post Office Time Deposit Rules, 1981 (subject to certain conditions)
Sec 80C Of Income Tax Act Addition

Investment made in Name of Girl Child:

- Principal can be claimed as deduction under 80 C
- Interest earned on “Sukanya saimridhhi” account exempt from Tax
Issues In 80 C

Source of Investments?

- Need not be out of Taxable Income
  CIT v. Pursottam Sa [2009] 318 ITR 286 (ALL.)

  • A discretionary trust would be regarded as an individual and hence entitled to deduction u/s. 80C

  • Premia paid by assessee's wife out of her income, included in terms of section 64(1)(iv) in hands of assessee, should be treated as having been paid by assessee and deduction in terms of section 80C allowed thereon to assessee
    CIT v. V.S. Chelliah [1984] 147 ITR 590 (Mad.)
Sec 80 CCC Payment in respect Pension Fund
Sec 80 CCD NPS

- Contribution made to the notified pension scheme of Central government
- Deduction under this section is only available to Individuals and not to HUF’S
- Individual claiming deductions under this section may be Resident or Non-Resident
- Sec 80 CCD(1)- Deduction is not only available to Salaried Individuals but non-salaried individual can also contribute to the NPS Scheme and avail deduction for the same
Sec 80 CCD NPS

The maximum amount to be allowed as a deduction u/s 80 CCD(1)

- In case of employee 10% of his salary for the Financial year (salary includes DA but excludes all other Allowances and Perquisites)

- In case of non-employees 10% of the Gross Total Income in the Financial year

Amendment vide Budget 2015

- Maximum allowed to be invested in NPS U/S 80CCD enhanced from 1 Lakh to 1,50,000

- A new section 80CCD(1B) additional deduction in respect of any amount contributed by any individual assesses under NPS upto Rs.50,000 (Ceiling Limit u/s 80 CCE 1,50,000 + deduction u/s 80 CCD(1B) 50,000)
Sec 80 CCD NPS

Budget 2016

80 CCD(3) “Amount received by nominee on death of assessee is not taxable in hands of Assessee”
Sec 80 CCG Deduction in respect of investment made under an equity savings scheme

A new scheme was introduced to encourage flow of saving in financial instruments and improve the depth of domestic capital market.

Also aims to promote an ‘equity culture’ in India.

Expected to widen the retail investor base in the Indian securities markets and further the goal of financial stability and financial inclusion.

The Scheme is named after the former Prime Minister of India Mr. Rajiv Gandhi.

Provide for a one time deduction to a resident individual.
Sec 80 CCG Deduction in respect of investment made under an equity savings scheme

1. Who acquires listed equity shares in a previous year in accordance with a scheme notified by the Central Government

2. The deduction was 50% of amount invested in such equity shares or ₹25,000, whichever is lower

3. Such investment in excess of Rs.50,000 is not eligible for deduction

4. Gross total income of the assessee for the relevant assessment year should be less than or equal to ₹12 lakh

5. Assessee should be a new retail investor as per the requirement specified under the notified scheme
Sec 80 CCG Deduction in respect of investment made under an equity savings scheme

\(\text{The investment should be made in such listed investor as per the requirement specified under the notified scheme.}\)

\(\text{Minimum lock in period in respect of such investment is three years from the date of acquisition in accordance with the notified scheme.}\)
Sec 80 D Deduction in respect of health insurance premia
Sec 80 D Amount of deduction

For the financial year 2015-16 Deduction is available up to Rs.25,000 to a tax payer for insurance of self, spouse and dependent children. If individual or spouse is more than 60 years old the deduction available is Rs.30,000. An additional deduction for insurance of parents (Father or mother or both) is available to extent of Rs.25,000 if less than 60 yeas old and Rs.30,000 if parents are more than 60 years old.

For uninsured super senior citizen (more than 80 years old) medical expenditure incurred up to Rs. 30,000 shall be allowed as deduction for health insurance premium and medical expenses for the parents shall be limited to Rs.30,000.
Sec 80 D Amount of deduction

Preventive health check up:

Deduction in respect of Payments made for preventive health check up in any mode including cash

Limit:

Actual amount Incurred (or)
5,000 Whichever is lower
Sec 80 DD

Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability

Deduction is available on

1. Expenditure incurred on medical treatment (including nursing), and rehabilitation of handicapped dependent relative.

2. Payment or deposit to specified scheme for maintenance of department handicapped 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 .A certificate of disability required from prescribed medical authority
Sec 80 DD
Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability

Note: Person with severe disability means a person with 80% or more of one or more disabilities as outlined in sec 56(4) of the 'Persons with disabilities (Equal opportunities, protection of rights and full participation)' Act.

Certificate can be taken from a Specialist as specified.

Patients getting treated in a private hospital are not required to take the certificate from a government hospital.

Patients receiving treatment in a government hospital have to take certificate from any specialist working full-time in that hospital. Such specialist must have a post-graduate degree in General or Internal Medicine or any equivalent degree, which is recognised by the Medical Council of India.
Sec 80 DD

Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability

Certificate in Form 10I is no longer required. The certificate must have - name and age of the patient, name of the disease or ailment, name, address, registration number and the qualification of the specialist issuing the prescription. If the patient is receiving the treatment in a Government hospital, it should also have name and address of the Government hospital.
Sec 80 DDB Deduction in respect of medical treatment, etc.

A deduction Rs. 40,000/- or the amount actually paid, whichever is less is available for expenditure actually incurred by resident taxpayer on himself or dependent relative for medical treatment of specified disease Rule 11DD or ailment.

In case of senior citizen the deduction can be claimed up to Rs 60,000 or amount actually paid, whichever is less.

For financial year 2015-16 – for very senior citizens Rs 80,000 is the maximum deduction that can be claimed.
Sec 80 E Deduction in respect of interest on loan taken for higher education

Deduction is available if:-

• Assessee is an individual.
• He has taken a loan from any financial institution (bank) or an approved charitable institution.
• The loan is taken is for the purpose of pursuing his higher education.
• During the previous year he has repaid some amount as interest on such loan.
• Such amount is paid out of his income chargeable to tax.
Sec 80 E Deduction in respect of interest on loan taken for higher education

The entire amount paid by way of interest on such

Period of Deduction

Further, the deduction shall be allowed for the previous year in which the assessee starts repaying the loan or interest thereon and seven previous years immediately succeeding it or until the loan together with interest thereon is paid by the assessee in full, whichever is earlier.

NOTE Higher education means full-time studies for any graduate or post-graduate course in engineering, medicine, management or for post-graduate course in applied science or pure sciences including mathematics and statistics.
Sec 80 EE Deduction in respect of interest on loan taken for residential house property

The deduction under this section is available only to an individual who is a first time home owner.

The value of the property purchased must be less than Rs.50 Lakhs and home loan must be taken from a financial institution and must be sanctioned between 01.04.2016 to 31.03.2017. Loan sanction for acquisition should not exceed 35,00,000.

Under this section, an additional deduction of Rs.50,000 can be claimed on housing loan interest. This is in addition to deduction of Rs.2,00,000 allowed under section 24 of the Income Tax Act for a self-occupied house property. There is no restriction on the no of years for which this deduction can be claimed.
Sec 80 G
Deduction in respect of donations to certain funds, charitable institutions, etc.

A. Donations made to following are eligible for 100% deduction without any qualifying limit.

1. Prime Minister’s National Relief Fund
2. National Defense Fund
3. Prime Minister’s Armenia Earthquake Relief Fund
4. The Africa (Public Contribution - India) Fund
5. The National Foundation for Communal Harmony
6. Approved university or educational institution of national eminence
7. The Chief Minister’s Earthquake Relief Fund, Maharashtra
8. Donations made to Zila Saksharta Samitis.
10. The Army Central Welfare Fund or the Indian Naval Benevolent Fund or The Air Force Central Welfare Fund.
11. “Swachh Bharth Kosh” (for improving sanitation facilities) and Clean Ganga Project wef Budget 2015

Clean Ganga Project only Resident donors are eligible.
Donations made to the following are eligible for 50% deduction without any qualifying limit.

1. Jawaharlal Nehru Memorial Fund
2. Prime Minister’s Drought Relief Fund
3. National Children’s Fund
4. Indira Gandhi Memorial Trust
5. The Rajiv Gandhi Foundation.
Donations to the following are eligible for 100% deduction subject to qualifying limit (i.e. 10% of adjusted gross total income).

1. Donations to the Government or a local authority for the purpose of promoting family planning.

2. Sums paid by a company to Indian Olympic Association
Donations to the following are eligible for 50% deduction subject to the qualifying limit (i.e. 10% of adjusted gross total income).

- Donation to the Government or any local authority to be utilized by them for any charitable purposes other than the purpose of promoting family planning.
- Any authority set up for providing housing accommodation or for town planning
- Any notifies temple, mosque, gurudwara, church or other place for renovation and repairs
- Any other fund constituted under this section
Amount of Deduction

The quantum of deduction is as follows:

Category A - 100% of amount donated
Category B - 50% of the amount donated in the funds
Category C - 100% of the amount donated in the funds subject to maximum limit of 10% of Adjusted GTI.
Category D - 50% of the amount donated in the funds subject to maximum limit of 10% of Adjusted GTI.

The total of these deductions under categories A, B, C, and D is the quantum of deduction under this section without any maximum amount. Adjusted gross Total income for this purpose means his gross total income minus long-term capital gain, short term capital gain taxable u/s 111A, and all deductions u/s 80CCC to 80U except any deduction under this section.
Amount of Deduction

Any approval under Sec.80 G(5)(vi) on or after 01.10.2009 would be a one time approval which would be valid till it is withdrawn Circular 7 dated:27.10.2010
Sec 80 GG

Deduction in respect to rent paid

Conditions:

- Rent paid is in respect of accommodation for the purpose of his own residence
- The deduction is to be claimed only if the residential accommodation is not owned by the assessee or his spouse or minor child or by Hindu undivided family of which he is member.
- The assessee, being an employee, who is entitled to house rent allowance from employer is eligible for exemption under section 10(13A) but not under section 80 GG
Sec 80 GG

Deduction in respect to rent paid

Calculation

Deduction available is the minimum of –

1. Rent paid minus 10% of total income.
2. Rs.5000/- per month (Budget 2016)
3. 25% total income

Therefore maximum of Rs.60,000 per annum can be claimed as deduction.
Sec 80 GG

Deduction in respect to rent paid

FORM NO 10BA

Declaration to be filed by the assessee claiming deduction under section 80GG in case of assessee claiming deduction in case of rent paid to whom HRA is not payable.
Sec 80 GGA

Deduction in respect of certain donations for scientific research or rural development

Persons Covered: All assesses.

Eligible Amount

1. Any sum paid to a scientific research association or to a university, college, or other institution to be used for scientific research [approved u/s. 35(1)(ii)];
2. Any sum paid to a university, college, or other institution to be used for research in social science or statistical research [approved u/s. 35(1)(iii)];
3. Any sum paid to an association or institution for any programme of rural development [approved u/s. 35CCA];
Sec 80 GGA

Deduction in respect of certain donations for scientific research or rural development

4. Any sum paid to an association or institution for **training of persons for implementing rural development programmes [approved u/s. 35CCA]**;

5. Any sum paid to a public sector company or local authority or to an association or institution approved by National Committee for carrying out **any eligible project or scheme [approved u/s. 35AC]**;

6. Any sum paid to a **rural development fund set up and notified by Central Government** for the purposes of Section 35CCA(1)(a);
Sec 80 GGA

Deduction in respect of certain donations for scientific research or rural development

7. Any sum paid to a National Urban Poverty Eradication Fund set up and notified by Central Government for the purposes of Section 35CCA(1)(d).

Relevant Conditions/ Points
1. No deduction is allowed if assessee has income chargeable under the head "Profits and gain of business and profession".
2. Any sum in respect of which deduction is allowed under this section will not qualify for deduction under any other provision of this Act for any assessment year.

U/S 80GGA (2A) deduction will not be allowed in respect of donation of sum exceeding Rs.10,000 unless such sum paid by any mode other than cash
Sec 80 GGA

Deduction in respect of certain donations for scientific research or rural development

3. If donation is paid for rural development, then the assessee should furnish the certificate referred to in Section 35CCA(2) or 35CCA(2A) from such association or institution and if donation paid for eligible project/scheme then the assessee should furnish the certificate referred to in Section 35AC(2)(a) from such association.

Extent of Deduction 100% of the amount paid as donation/contribution.
Sec 80 GGB
DEDUCTION IN RESPECT OF CONTRIBUTION GIVEN BY COMPANIES TO POLITICAL PARTIES

Persons Covered: Indian company.

Eligible Amount
Contribution made in mode other than cash by Indian companies to political parties.

Relevant Conditions/Points
1. The word "contribute" has the meaning assigned to it under Section 293A of the Companies Act, 1956.
2. "Political party" means a political party registered under Section 29A of the Representation of the People Act, 1951.

Extent of Deduction 100% of the amount paid as contribution.
Sec 80 GGC
Donation to Political party

Persons Covered
Any assessee (except local authority and every artificial juridical person wholly or partly funded by the Government).

Eligible Amount
Contribution made in mode other than cash by assessee to political parties.

Relevant Conditions/ Points
"Political party" means a political party registered under Section 29A of the Representation of the People Act, 1951.
Extent of Deduction 100% of the amount paid as contribution.
Deduction for certain Income

Section 80 IA to Section 80 RRB
Deductions in respect of certain incomes

General Principles:

• If an assessee fails to claim deduction u/s 10A, 10AA, 10B, or under Section 80IA to 80 RRB in his return of income then, no deduction under those sections shall be allowed to him. [Section 80A(5)].

• RETURN OF INCOME - Return of income to be submitted on / before due date u/s 139(1). If return is not submitted or return is submitted belatedly, deduction under section 80IA, 80IAB, 80IB, 80IC, 80ID and 80IE is not available. [Section 80AC]
80IA
Deduction for Industrial undertakings or enterprises engaged in infrastructure development, etc.

- Infrastructure Facility: A
  - Telecommunication services: B
  - Industrial Park: C
  - Power generation or distribution: D
Sec 80 IA

CONDITIONS

1. Develop / maintain + operate / develop + maintain + operate infrastructure facility.

What is then, infrastructure facility?

a. road, bridge or rail system.
b. highway project including housing & other activities.
c. water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system.
d. a port, airport, inland waterway or inland port or navigational channel in the sea.

2. Should be owned by a company registered in India, or consortium of such companies or any body, board or corporation constituted under state / central Act.

3. Agreement with Central / State govt. / local authority / statutory body.

4. Starts operating & maintaining facility on/after 1.4.95.
Sec 80 IA Amount of Deduction

100% of profits and gains for 10 consecutive years. Starting from which year?

- Initial A.Y.
- i.e. any year out of 15 years (for port, airport etc.), 20 years in case of other businesses.
- 15/20 years starting from the year of development and commencement of operation & maintenance.
- Starting year can be any out of 15 /20 years but deduction only for 10 consecutive years not falling beyond the 15th/20th A.Y.
Sec 80 IA Amount of Deduction

AMOUNT OF DEDUCTION
Suppose a company begins to operate an infrastructure facility (a toll road), during the P.Y. 2009-10. Which year can be the initial A.Y.? Anything between A.Y. 2010-11 & A.Y. 2029-30.

OTHER PROVISIONS
1. Assessee to furnish audit report electronically.
2. Double deduction not possible.
3. Profit to be calculated as if that business is the only source of income during the year. Rule 12 ???????

What is the implication of this provision??
Sec 80 IA

There are 2 businesses, business A & B. Business A is eligible for deduction u/s 80 IA; business B is not.

<table>
<thead>
<tr>
<th>P.Y.</th>
<th>Business A</th>
<th>Business B</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>(-) 50,000</td>
<td>(+) 1,20,000</td>
<td>Nil</td>
</tr>
<tr>
<td>2006-07</td>
<td>(+) 30,000</td>
<td>(+) 1,40,000</td>
<td>30,000</td>
</tr>
<tr>
<td>2007-08</td>
<td>(+) 60,000</td>
<td>(+) 1,00,000</td>
<td>60,000</td>
</tr>
<tr>
<td>2008-09</td>
<td>(-) 40,000</td>
<td>(+) 1,00,000</td>
<td>Nil</td>
</tr>
</tbody>
</table>
AO can recompute profit.
WHEN?
Transfer between Transfer to any 2 businesses/units Owned by assessee - 80IA(8)
Transfer to any other person - 80IA(10)

OTHER PROVISIONS

Eg – Transfer between 2 businesses: MTC Ltd. carries on business ‘A’ (eligible for deduction u/s 80 IA) & business ‘B’ (not eligible). During the year, it transfers some goods for Rs. 40,000 (market value Rs. 30,000) from business A to B. AO can adopt Rs. 30,000 as the transfer price for the purpose of computing deduction for profits of business A.
AO can recompute profit.
WHEN?
Transfer between Transfer to any 2 businesses/units Owned by assessee - 80IA(8)
Transfer to any other person - 80IA(10)

OTHER PROVISIONS

Eg – Transfer between 2 businesses: MTC Ltd. carries on business ‘A’ (eligible for deduction u/s 80 IA) & business ‘B’ (not eligible). During the year, it transfers some goods for Rs. 40,000 (market value Rs. 30,000) from business A to B. AO can adopt Rs. 30,000 as the transfer price for the purpose of computing deduction for profits of business A.
Sec 80 IA OTHER PROVISIONS

Transfer to another person:

- Business transaction so arranged that
- Taxpayer earns extraordinary profits in the eligible business.
- What can AO do?
- While calculating deduction u/s. 80IA, he will calculate profits that may be considered to be reasonable.
Transfer Pricing

For the purpose of Section 80IA(8) and 80IA(10), if the transaction is a specified domestic transaction u/s. 92BA, then market price or the reasonable profit shall be calculated as per the arm’s length price as defined in clause (ii) of section 92F.

92BA. “Specified domestic transaction" in case of an assessee means any of the following transactions, not being an international transaction, namely:— (i) any transfer of goods or services referred to in sub-section (8) of section 80-IA; (ii) any business transacted between the assessee and other person as referred to in sub-section (10) of section 80-IA; (iii) any transaction, referred to in any other section under Chapter VIA or section 10AA, to which provisions of sub-section (8) or sub-section (10) of section 80-IA are applicable; or and where the aggregate of such transactions entered into by the assessee in the previous year exceeds a sum of five crore rupees.
OTHER PROVISIONS

5. Demerger / amalgamation.

- **Amalgamating / demerged Co.**
  - Pre-period
  - Amalgamating / demerged Company

- **Amalgamation / Demerger**
  - Year of amalgamation / demerger
  - Only to amalgamating / demerged Co. till the date of amalg./demerger

- **Amalgamated / resulting Co.**
  - Post-period
  - **No deduction**
Transfer of undertaking:

Developer enterprise transfers to another enterprise for the purpose of operating & maintaining the facility.

Deduction would be available to transferee enterprise.
Housing & other development activities which are integral part of highway project

- Quantum of deduction is different

- The provision is applicable when –
  1. Housing or other activities are an integral part of highway project
  2. Profits are computed in prescribed manner.
What is the consequences of above?

If such profit is transferred to special reserve account & such amount is actually utilised for highway project excluding housing and other activities before the expiry of 3 years following the Previous year in which such amount was transferred.

Then such profits shall not be chargeable to tax.
What if the amount from the reserve is not utilised before the period of 3 years?

- Shall be chargeable to tax
- As income of the year of transfer to reserve.
## Calculation of profits

<table>
<thead>
<tr>
<th>If the profits can be calculated as per regularly followed method of accounting.</th>
<th>Profits calculated as per provisions of the act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any other case</td>
<td>Profits calculated as per percentage of completion activities</td>
</tr>
</tbody>
</table>

Form 10CCC from C.A
Widening of existing road by constructing additional lanes as a part of a highway project by an undertaking = New infrastructure facility.
However, simply relaying of an existing road is not new infrastructure facility- Circular no 4/2010, dated 18-5-2010
Telecommunication Services

CONDITIONS

1. No splitting up or the reconstruction of an already existing business

   Exceptions: Flood, typhoon, hurricane etc.

2. Old plant / machinery not to be used in formation of new business.

   Allowed up to 20% of total value of plant & machinery.

   WHEN ???

Imported machinery = New machinery
Telecommunication Services

Used outside India by any person other than assessee & no depreciation on it has been claimed in India.

## AMOUNT OF DEDUCTION

<table>
<thead>
<tr>
<th>Enterprises</th>
<th>% of deduction</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned by a company or any other person</td>
<td>100</td>
<td>For 1st 5 years</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>For next 5 years</td>
</tr>
</tbody>
</table>

Initial A.Y. = Any year up to 15 years.
Industrial Park or SEZ

Conditions:
1. Develops / maintain + operate/ develop + maintain +operate notified Industrial Park or SEZ.
2. Time limit of commencement of activity:
   - SEZ: 1st April 1997 to 31st March 2006
   - Industrial Park: 1st April 1997 to 31st March 2011

Benefits:
1. 100% of profits for 10 consecutive years.
2. Initial A.Y. = Any year up to 15 years.
Industrial Park or SEZ

Industrial park developed on or after 1.4.1999 / SEZ developed on or after 1.4.2001.

Operation & maintenance transferred to another undertaking (i.e., transferee undertaking) – deduction to be allowed to such transferee undertaking for the remaining period.
Power generation / distribution

Conditions

1. New undertaking (not formed by splitting up of existing business etc).

   **Exception:** Re-establishment, reconstruction or revival of the business due to flood, tycoon etc.,

2. Old plant / machinery not to be used in formation of new business. Allowed up to 20% of total value of plant & machinery. (Remember the exception of imported machinery)

   **Exception:** Splitting up, reconstruction etc of STATE ELECTRICITY BOARDS & transfer of previously used plant / machinery by STATE ELECTRICITY BOARDS.
3. Time limit of commencement of activity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation / generation + Distribution</td>
<td>1st April 1993 to 31st Mar 2017</td>
</tr>
<tr>
<td>Transmission / distribution (new transmission/distribution lines)</td>
<td>1st April 1999 to 31st Mar 2017</td>
</tr>
<tr>
<td>Substantial renovation &amp; modernization of existing lines</td>
<td>1st April 2004 to 31st Mar 2017</td>
</tr>
</tbody>
</table>
 Sec 80 IA

- Substantial renovation = Increase in the book value of plant and machinery
- by 50 per cent
- as compared to book value of such plant and machinery on April 1, 2004.

4. For undertaking set-up for reconstruction or revival of a power generating plant:
   a) Owned by an Indian company.
   b) Indian company formed before 30.11.05 with majority equity participation by public sector companies for the purpose of enforcing the security interest of the lenders to the company owning the power generating plant.
Sec 80 IA

• CONDITIONS
• 4. For undertaking set-up for reconstruction or revival of a power generating plant:
  • a. Owned by an Indian company.
  • b. Indian company formed before 30.11.05 with majority equity participation by public sector companies for the purpose of enforcing the security interest of the lenders to the company owning the power generating plant.
  • c. Indian company notified before 31.12.2005 by the Central Govt.
  • d. Such undertaking begins to generate or transmit or distribute power before 31-3-2012.
Sec 80 IA Amount of deduction

• 100% of profits for 10 consecutive years.
• Initial A.Y.= Any year upto 15 years.
• Other provisions same as above.
80IAB

Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of SEZ Conditions:

1. Deduction to whom? – developer of a special economic zone.

2. Profits from such business are included in GTI.

3. SEZ is notified on or after April 1, 2005.


5. Return within due date.
Amount of deduction

- 100% of the profits
- for any 10 consecutive A.Y. out of 15 years
- beginning from the year of notification.
<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Industrial</td>
<td>Industrial</td>
<td>Mineral</td>
<td>Housing projects</td>
<td>Fruits,</td>
<td>Hospital</td>
</tr>
<tr>
<td></td>
<td>undertaking</td>
<td>research</td>
<td>oils/Natural gas</td>
<td>projects</td>
<td>Vegetables,Food</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>grains</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Industrial Undertaking

CONDITIONS
1. Splitting/reconstruction.
2. Transfer of machinery.
3. Should not manufacture /produce articles specified in the eleventh Schedule.

EXCEPTIONS
• Small-scale undertakings or an undertakings in a backward State can manufacture any goods/article.

• From A.Y. 2005-06, an industrial undertaking in the State of Jammu and Kashmir should not manufacture or produce cigarettes / cigars, distilled and brewed alcoholic drinks, aerated branded beverages and their concentrates.
Conditions

Time limit of commencement of activity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacture any article or operate cold storage plant</td>
<td>1St Apr 1991- 31st mar 1995</td>
</tr>
<tr>
<td>Small scale industrial undertaking</td>
<td>1St Apr 1991-31st mar 2002</td>
</tr>
</tbody>
</table>

Can be extended by the central government
<table>
<thead>
<tr>
<th>Description</th>
<th>Date Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Located in industrially backward state specified in 8th schedule</td>
<td>1st Apr 1993-31st Mar 2004</td>
</tr>
<tr>
<td>Set up in a notified backward district category ‘A’ or ‘B’</td>
<td>1st Oct 1994-31st Mar 2004</td>
</tr>
<tr>
<td>Industrial undertaking deriving profit from the business of setting up and operating cold chain facility for agriculture produce</td>
<td>1st Apr 1999-31st Mar 2004</td>
</tr>
<tr>
<td>Company owner</td>
<td>30 % for 1st 10 years</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Co-op sec owner</td>
<td>25 % for 12 years</td>
</tr>
<tr>
<td>Any other: Person or owner</td>
<td>25% for 1st 10 years</td>
</tr>
</tbody>
</table>
Companies engaged in industrial research

Conditions
1. Company registered in India.


3. Approved by Secretary, Department of Scientific and Industrial Research- at any time after 31st Mar 2000 but before 1st Apr 2007.

Deduction= 100% of profits for 1st 10 years, beginning with initial A.Y.

Other provisions same as 80-IAB.
Mineral oils or Natural gas

Conditions
1. New undertaking.
2. Transfer of machinery.
3. Time limit for commencement of activity

<table>
<thead>
<tr>
<th></th>
<th>Commencing commercial production of mineral oil</th>
<th>Refining of mineral oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineral oil</td>
<td>After 31st March 1997</td>
<td>After Sep 30th 1998, but before 1-4-2012</td>
</tr>
<tr>
<td>Natural gas</td>
<td>After 31st Mar 2009</td>
<td>-</td>
</tr>
</tbody>
</table>
(1) No deduction shall be available in respect of commercial production of mineral oil, to blocks licensed under a contract awarded after 31.3.2011 under the NELP announced by the government.

(2) All blocks licensed under a single contract of New Exploration Licensing Policy = ‘single‘ undertaking.

Deduction??
100% for 1st 7 years commencing with the year of commencement of commercial production of mineral oil / natural gas or refining of mineral oil.
Developing and building housing projects

1. Project approved by a local authority before March 31, 2008.
2. Size of the plot of land = minimum 1 acre.
3. Commence activity after September 30, 1998 and complete construction
   a. On or before 31.03.2008 (if approval is granted before 1.4.2004).
   b. On or before 31.03.2009 (if approval is granted during 2004-05).
   c. within 5 years from the end of the financial year in which the housing project is first approved, if approval is granted on or after 1-4-2005
Conditions regarding size of plot & time limit N.A.

• WHEN??

• Housing project as per notified CG/ SG scheme for reconstruction or redevelopment of existing buildings in slum areas.
CONDITIONS

4. Built-up area of shops and other commercial establishments included in the housing project = maximum 3% of the aggregate built-up area of the housing project or 5,000 sq. ft., whichever is more.

5. Restriction on built-up area of each residential unit

<table>
<thead>
<tr>
<th>Location</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Delhi and Mumbai</td>
<td>1000 Sq ft</td>
</tr>
<tr>
<td>Within 25kms from the local limits of delhi and Mumbai</td>
<td>1000 Sq ft</td>
</tr>
<tr>
<td>Any other place</td>
<td>1500 Sq ft</td>
</tr>
</tbody>
</table>
6. Not more than one residential unit in the housing project is allotted to any person other than an individual.

7. Where one unit is allotted to an individual, no other residential unit in the housing project is allotted to:
- Individual / spouse / minor child.
- the HUF where such individual is the karta.
- any person representing any of the above.
100% of profit derived from the project.

- Other provisions same as 80-IAB.

No deduction shall be allowed under this sub-section to a person who executes a works contract awarded by any person (including the Central or State Government).[Explanation to Sec. 80IB(10)]
Processing, Preservation and packaging of fruits or vegetables or integrated handling, storage and transportation of food grains

3 Years of businesses covered

- Integrated business of handling, Storage and transportation of food grains
  - New business after 31st Mar 2001

- Processing, Preservation and packaging of meat and meat products /poultry /marine/dairy products
  - New business after 31st Mar 2009

- Processing, preservation and packaging of fruits and vegetables
  - New business after 31st Mar 2001
Processing, Preservation and packaging of fruits or vegetables or integrated handling, storage and transportation of food grains

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned by a company</td>
<td>100 % for 1st 5 years. 30 % for next 5 years</td>
</tr>
<tr>
<td>Owned by any other person</td>
<td>100 % for 1st 5 years. 25 % for next 5 years</td>
</tr>
</tbody>
</table>
Operating and maintaining a hospital

<table>
<thead>
<tr>
<th>Rural area</th>
<th>Any other area</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% for 1st 5 years beginning from initial A.Y.</td>
<td>100% for 1st 5 years beginning from initial A.Y</td>
</tr>
<tr>
<td>Initial A.Y= begins to provide medical services</td>
<td>Initial A.Y= Business starts functioning</td>
</tr>
<tr>
<td>✓ Other provisions same</td>
<td>✓ Other provisions same</td>
</tr>
</tbody>
</table>
Sec 80 IAB Exemption for Housing Sector

With a view to incentivise affordable housing sector, it is proposed that 100% deduction of the profits would be allowed to an assessee developing and building affordable housing projects for flats up to 30 Sq Metres in Mtros and 60 Sq Metres in non-metros, if the housing project is approved by the competent authority before the 31st March, 2019 and completed within 3 years of approval.

The built up area of the flats is relatively small. Hence, not many builders will be interested.
Sec 80 IC

Profits and gains derived by an undertaking or an enterprise in special category States (Himachal Pradesh, Uttarakhand, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura) (subject to certain limits, time limits and conditions),
(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.
(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 Clean Ganga Fund (from assessment year 2015-16) and National Fund for Control of Drug Abuse (from assessment year 2016-17)
80ID
Tax holiday for hotels and convention centres in specified area

Undertakings

Business of hotel located in the specified area

Business of hotel located in the specified district having a World Heritage Site

Business of building, owning and operating a convention centre, (specified area)
Sec 80 ID

Hotels and convention centres in specified area

CONDITIONS

1. Splitting/reconstruction.

2. Not formed by the transfer to a new business of building previously used as a hotel / convention centre.

3. Transfer of machinery. Other provisions same as above.
Sec 80 ID

Hotels and convention centres in specified area

Deduction = 100% for 1st 5 years, beginning with initial A.Y.

Initial A.Y. = hotel starts functioning or convention centre starts commercial operation.
80IE
Deduction in respect of certain undertakings in North-Eastern States

CONDITIONS
1. Between 1st Apr 2007 & 31st Mar 2017 begins manufacture or production of goods or undertakes substantial expansion or begun to provide eligible services.
No deduction: Manufacture of tobacco, pan masala, plastic carry bags of less than 20 microns or goods produced by petroleum oil and gas refineries
Any business? Only Eligible business – hotel (2 star or above), adventure and leisure sports (including ropeways), nursing home (25 beds or more), old age homes, vocational training institutes (such as hotel management, catering entrepreneurship development, nursing and paramedical, civil aviation related training, fashion designing and industrial training), IT related training centres, IT hardware units and biotechnology.
80IE
Deduction in respect of certain undertakings in North-Eastern States

2. Above activities to take place only in N.E. states- Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

3. For new undertaking: Splitting up/ reconstruction (exceptions flood, typhoon, hurricane etc) Transfer of machinery.

4. Existing undertaking – substantial expansion (Addition of at least 25%)

5. Submit return within due date u/s 139(1). Deduction in respect of certain undertakings in North-Eastern States
Deduction = 100% for 1st 10 years, beginning with initial A.Y. Initial
80IE
Deduction in respect of certain undertakings in North-Eastern States

A.Y. = begins to manufacture/produce article or things or completes substantial expansion.
Other provisions:
No double deduction u/s 10A, 10AA, a. 10B, 10BA, 80C to 80U. No deduction under this section where the total period of deduction under sections 10C, second proviso to 80-IB (4), 80-IC and 80-IE exceeds 10 assessment years.
b. Audit report.
c. Computation of profits.
d. Recomputation of profits.
Sec 80 JJA

Where the gross total income of an assessee includes any profits and gains from the business of collecting and processing or treating of bio-degradable waste for generating power, or producing biofertilizers, bio pesticides or other biological agents or for producing bio-gas or, making pellets or briquettes for fuel or organic manure, there shall be allowed,

- a deduction of an amount equal to the whole of such profits and gains for a period of 5 five consecutive assessment years beginning with the assessment year relevant to the previous year in which such business commences.
Sec 80 JJAA  Tax incentive for Employment Generation

The amount of deduction is equal to 30% of “Additional Wages” paid to the new “regular workman” employed by the assessee in the previous year. The deduction is available for 3 assessment years including the assessment year relevant for the previous year in which such employment is provided.

"additional wages" means the wages paid to the new regular workmen in excess of one hundred workmen employed during the previous year:

"regular workman", does not include- 
(a) a casual workman; or 
(b) a workman employed through contract labour; or 
(c) any other workman employed for a period of less than three hundred days during the previous year;
Sec 80LA Deduction In Respect Of Certain Income Of Offshore Banking Units And International Financial Services Center

Where the gross total income of an assessee,—

(i) being a scheduled bank, or, any bank incorporated by or under the laws of a country outside India; and having an Offshore Banking Unit in a Special Economic Zone; or

(ii) being a Unit of an International Financial Services Centre

A deduction from such income, of an amount equal to—
- (100%) one hundred per cent of such income for five consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission or registration was obtained, and thereafter;
- (50%) fifty per cent. of such income for five next consecutive assessment years.
In the case of a co-operative society, the following amounts are allowed as deductions under this section:
The whole of the amount of profits and gains of business attributable to any one or more of such activities: (i) carrying on the business of banking or providing credit facilities to its members; Or (ii) a cottage industry, or (iii) the marketing of agricultural produce grown by its members, or (iv) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or (v) the processing, without the aid of power, of the agriculture produce of its members,
(vi) fishing or allied activities, that is to say, the catching, curing, processing, preserving, storing or marketing of fish or the purchase of materials and equipment in connection therewith for the purpose of supplying them to its member.

In the case of a co-operative society engaged in activities other than those specified as above, so much of its profits and gains attributable to such activities as does not exceed,—

(i) Rs.1,00,000 , where such co-operative society is a consumers' co-operative society, and

(ii) Rs. 50,000 in any other case.
Sec 80 QQB

Deduction in respect of royalty income of authors (sec. 80QQB)

a. The taxpayer must be an individual.
b. He is an author or joint author.
c. The book authored by him is work of literary, artistic or scientific nature. However, the books shall not include brochures, commentaries, diaries etc.
d. The taxpayer shall have to furnish a certificate in FORM NO. 10CCD from the person responsible for paying the income.
e. Amount of deduction if above conditions are satisfied 3,00,000 or income received ,whichever is lower.
Sec 80 R Deduction in respect of remuneration from certain foreign sources in the case of professors, teachers, etc.

Where the gross total income of an individual who is a citizen of India includes any remuneration received by him outside India from any University or other educational institution established outside India or any other association or body established outside India, for any service rendered by him during his stay outside India in his capacity as a professor, teacher or research worker in such University, institution, association or body, there shall be allowed, in computing the total income of the individual, a deduction from such remuneration of an amount equal to—

(i) sixty per cent of such remuneration for an assessment year beginning on the 1st day of April, 2001;
(ii) forty-five per cent of such remuneration for an assessment year beginning on the 1st day of April, 2002;
(iii) thirty per cent of such remuneration for an assessment year beginning on the 1st day of April, 2003; (iv) fifteen per cent of such remuneration for an assessment year beginning on the 1st day of April, 2004,
Sec 80 R Deduction in respect of remuneration from certain foreign sources in the case of professors, teachers, etc.

(iv) fifteen per cent of such remuneration for an assessment year beginning on the 1st day of April, 2004, as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the competent authority may allow in this behalf and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year:

Provided that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section. Explanation.—For the purposes of this section, the expression “competent authority” means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.
Sec 80RR. Deduction in respect of professional income from foreign sources in certain cases.-

Where the gross total income of an individual resident in India, being an author, playwright, artist, musician, actor or sportsman (including an athlete), includes any income derived by him in the exercise of his profession from the Government of a foreign State or any person not resident in India, there shall be allowed, in computing the total income of the individual, a deduction from such income of an amount equal to—

(i) sixty per cent of such income for an assessment year beginning on the 1st day of April, 2001;

(ii) forty-five per cent of such income for an assessment year beginning on the 1st day of April, 2002;

(iii) thirty per cent of such income for an assessment year beginning on the 1st day of April, 2003;

(iv) fifteen per cent of such income for an assessment year beginning on the 1st day of April, 2004,
Sec 80RR. Deduction in respect of professional income from foreign sources in certain cases.-

as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the competent authority may allow in this behalf and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year:

Provided that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

Explanation.—For the purposes of this section, the expression “competent authority” means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.
Sec 80 RRB

Deduction in respect of royalty of patents (sec. 80RRB)
The following conditions should be satisfied
1. The taxpayer is an individual.
2. He is resident in India.
3. He is a patentee. Patentee means the person whose name is entered on the patent register as the patentee, in accordance with the Patents Act, 1970.
4. He is in receipt of any income by way of royalty in respect of patent, which is registered under the Patent Act after March 31, 2003. It includes any royalty income from working or use of the patent. Further, it includes lump sum consideration for the transfer of all or any rights in a patent.
5. Amount of deduction if the aforesaid conditions are satisfied, then the amount of deduction is Rs. 3,00,000 or income stated, whichever is lower.
Sec 80 RRA

(1) Where the gross total income of an individual who is a citizen of India includes any remuneration received by him in foreign currency from any employer (being a foreign employer or an Indian concern) for any service rendered by him outside India, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the individual, a deduction from such remuneration of an amount equal to—

(i) sixty per cent of such remuneration for an assessment year beginning on the 1st day of April, 2001;
(ii) forty-five per cent of such remuneration for an assessment year beginning on the 1st day of April, 2002;
(iii) thirty per cent of such remuneration for an assessment year beginning on the 1st day of April, 2003;
(iv) fifteen per cent of such remuneration for an assessment year beginning on the 1st day of April, 2004,
as is brought into India by, or on behalf of, the assessee in convertible 
foreign exchange within a period of six months from the end of the previous 
year or within such further period as the competent authority may allow in 
this behalf and no deduction shall be allowed in respect of the assessment 
year beginning on the 1st day of April, 2005 and any subsequent assessment 
year:
Provided that no deduction under this sub-section shall be allowed unless the 
assessee furnishes a certificate, in the prescribed form, along with the return 
of income, certifying that the deduction has been correctly claimed in 
accordance with the provisions of this section.
(2) The deduction under this section shall be allowed—
(i) in the case of an individual who is or was, immediately before undertaking 
such service, in the employment of the Central Government or any State 
Government, only if such service is sponsored by the Central Government;
(ii) in the case of any other individual, only if he is a technician and the terms and conditions of his service outside India are approved in this behalf by the Central Government or the prescribed authority.

Explanation.—For the purposes of this section,—
(a) “foreign currency” shall have the meaning assigned to it in the Foreign Exchange Regulation Act, 1973 (46 of 1973); 

(b) “foreign employer” means,—
(i) the Government of a foreign State; or  
(ii) a foreign enterprise; or  
(iii) any association or body established outside India;

(c) “technician” means a person having specialised knowledge and experience in—
Sec 80 RRA

(i) constructional or manufacturing operations or mining or the generation or distribution of electricity or any other form of power; or
(ii) agriculture, animal husbandry, dairy farming, deep sea fishing or ship building; or
(iii) public administration or industrial or business management; or
(iv) accountancy; or
(v) any field of natural or applied science (including medical science) or social science; or
(vi) any other field which the Board may prescribe in this behalf, who is employed in a capacity in which such specialised knowledge and experience are actually utilised;

(d) “competent authority” means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.
Sec 80 TTA

Deduction of Income from Interest on saving bank Accounts

Eligible: All Assessee

A deduction of maximum Rs.10,000 can be claimed against interest income from a savings bank account. Interest from savings bank account should be first included in other income and deduction can be claimed of the total interest earned or Rs.10,000 whichever is less. This deduction is allowed to an individual or HUF. And it can be claimed for interest on deposits in savings account with a bank, co-operative society or post office,

Sec 80 TTA deduction is not available on interest income from fixed deposits or recurring deposit or interest income from corporate bonds.
Sec 80 U

Deductions for Person suffering from Physical Disability

Deduction of Rs. 75,000/- to an individual who suffers from a physical disability (including blindness) or mental retardation. In case of severe disability, deduction of Rs. 125,000 can be claimed. Certificate should be obtained from a Govt. Doctor. The relevant rule is Rule 11D. This is a fixed deduction and not based on bills or expenses.
Thank You