UNIT-3

CHAPTER-1: CLUBBING OF INCOME

Clubbing of Income under Section 64

There are many occasions when you might have to club income of someone else with your income. If you are planning to transfer any of your assets/income to another person as a means of tax planning to avoid the income getting taxed in your hands, hold on. Such transfers could result in attraction of clubbing provisions. under the Indian income tax laws.

Even genuine gifts extended to your kith and kin could have these income tax implications. It would help you immensely if you get some insights on the clubbing provisions under the Indian Income Tax Law. Hence, let us understand these provisions a little more in detail.

1. Clubbing of income?
2. Specified persons to club income?
3. Specified scenarios when you can club income?

1. Clubbing of income?

As the term suggests, clubbing of income means adding or including the income of another person (mostly family members) to one's own income. This is allowed under Section 64 of the IT Act. However, certain restrictions pertaining to specified person(s) and specified scenarios are mandated to discourage this practice.

2. Specified persons to club income?

Income of any and every person cannot be clubbed on a random basis while computing total income of an individual and also not all income of specified person can be clubbed. As per Section 64, there are only certain specified income of specified persons which can be clubbed while computing total income of an individual.

3. Specified scenarios when you can club income?

Specified person	**Specified scenario**	**Income to be clubbed**
Any person	Transferring income without transferring asset either by way of an agreement or any other way,	Such income would be clubbed in the hands of the taxpayer.

	Transferring asset on the condition that it can be revoked	Any income from such asset will be clubbed in the hands of the taxpayer
Spouse**	If your spouse receives any remuneration irrespective of its nomenclature such as Salary, commission, fees or any other form and by any mode i.e., cash or in kind from any concern in which you have substantial interest*	Income shall be clubbed in the hands of the taxpayer or spouse, whose income is greater (before clubbing). ***Exception to clubbing:*** Clubbing is not attracted if spouse possesses technical or professional qualifications in relation to any income arising to the spouse and such income is solely attributable to the application of his/her technical or professional knowledge and experience
Spouse**	Direct or indirect transfer of assets to your spouse by you for inadequate consideration	Income from out of such asset is clubbed in the hands of the taxpayer. ***Exceptions to clubbing*** No clubbing of income in following cases: • Where asset is received as part of divorce settlement • If assets are transferred before marriage • No husband and wife relationship subsists on the date of accrual of income • Asset is acquired by the spouse out of pin money (i.e. an allowance given to the wife by her husband for her personal and usual household expenses)

Daughter-in-law	Transfer of assets transferred directly or indirectly to your daughter in-law by you for inadequate consideration	Any income from such assets transferred is clubbed in the hands of the transferor
Any person or association of person	Transferring any assets directly or directly for an inadequate consideration to any person or association of persons to benefit your spouse either immediately or on deferred basis	Income from such assets will be considered as your income and clubbed in your hands
Any person or association of person	Transferring any assets directly or directly for an inadequate consideration to any person or association of persons to benefit your daughter in-law either immediately or on deferred basis	Income from such assets will be considered as your income and clubbed in your hands
Minor child	Any income arising or accruing to your minor child where *child includes both step child and adopted child*	Income will be clubbed in the hands of higher earning parent. However, if marriage of child's parents does not subsist, income shall be clubbed in the income of that parent who maintains the minor child in the previous year **Exceptions to clubbing** • Income of a disabled child (disability of the nature specified in section 80U) • Income earned by manual work done by the child or by activity involving application of his skill, talent specialised knowledge and experience • Income earned by a major child. This would also include income earned from investments made out of money gifted to the adult child. Also, money gifted to an adult child is exempt from gift tax under gifts to 'relative'.

Trust for the minor child	Income of a trust created for the benefit of minor child will also be clubbed in the hands of parent as above.	Clubbing provision is attracted only when the income from the trust is received by the minor during the tenure of his minority
Hindu Undivided Family	In case, a member of HUF transfers his individual property to HUF for inadequate consideration or converts such property into HUF property	Income from such converted property shall be clubbed in the hands of individual

An individual is said to have **the substantial interest in the concern if*

- *in a case of a company, individual either by himself or along with his relative/s beneficially owns shares having 20% or more voting power (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits)*
- in any other case, such individual either alone or along with his relative/s is entitled to 20% or more of profits in the aggregate of such concern at any time during the previous year

***Income from reinvestment of clubbed income by a spouse is not clubbed in the hands of individual*

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For illustrations & problems refer income tax-II by GAUR &NARANG

Video lecture: https://www.youtube.com/watch?v=2FSsvh7_9iU

CHAPTER-2: Set Off and Carry Forward of Losses

Profit and losses are two sides of a coin. Losses, of course, are hard to digest. However, the Income-tax law in India does provide taxpayers some benefits of incurring losses too. The law contains provisions for set-off and carry forward of losses which are discussed in detail in this article.

1. Set off of losses

2. Carry forward of losses

Set off of losses

Set off of losses means adjusting the losses against the profit or income of that particular year. Losses that are not set off against income in the same year can be carried forward to the subsequent years for set off against income of those years. A set-off could be an intra-head set-off or an inter-head set-off.

a. An intra-head set-off

b. An inter-head set-off

a. Intra-head Set Off

The losses from one source of income can be set off against income from another source under the same head of income.

For eg: Loss from Business A can be set off against profit from Business B, where Business A is one source and Business B is another source and the common head of income is “Business”.

Exceptions to an intra-head set off:

1. Losses from a Speculative business will only be set off against the profit of the speculative business. One cannot adjust the losses of speculative business with the income from any other business or profession.

2. Loss from an activity of owning and maintaining race-horses will be set off only against the profit from an activity of owning and maintaining race-horses.

3. Long-term capital loss will only be adjusted towards long-term capital gains. However, a short-term capital loss can be set off against both long-term capital gains and short-term capital gain.

4. Losses from a specified business will be set off only against profit of specified businesses. But the losses from any other businesses or profession can be set off against profits from the specified businesses.

b. Inter-head Set Off

After the intra-head adjustments, the taxpayers can set off remaining losses against income from other heads.

Eg. Loss from house property can be set off against salary income

Given below are few more such instances of an inter-head set off of losses:

1. Loss from House property can be set off against income under any head

2. Business loss other than speculative business can be set off against any head of income except except income from salary.

One needs to also note that the following losses can't be set off against any other head of income:

a. Speculative Business loss

b. Specified business loss

c. Capital Losses

d. Losses from an activity of owning and maintaining race-horses

Carry forward of losses

After making the appropriate and permissible intra-head and inter-head adjustments, there could still be unadjusted losses. These unadjusted losses can be carried forward to future years for adjustments against income of these years. The rules as regards carry forward differ slightly for different heads of income. These have been discussed here:

Losses from House Property :

- Can be carry forward up to next 8 assessment years from the assessment year in which the loss was incurred
- Can be adjusted only against Income from house property
- Can be carried forward even if the return of income for the loss year is belatedly filed.

Losses from Non-speculative Business (regular business) loss :

- Can be carry forward up to next 8 assessment years from the assessment year in which the loss was incurred
- Can be adjusted only against Income from business or profession
- Not necessary to continue the business at the time of set off in future years

- Cannot be carried forward if the return is not filed within the original due date.

Speculative Business Loss :

- Can be carry forward up to next 4 assessment years from the assessment year in which the loss was incurred
- Can be adjusted only against Income from speculative business
- Cannot be carried forward if the return is not filed within the original due date.
- Not necessary to continue the business at the time of set off in future years

Specified Business Loss under 35AD :

- No time limit to carry forward the losses from the specified business under 35AD
- Not necessary to continue the business at the time of set off in future years
- Cannot be carried forward if the return is not filed within the original due date
- Can be adjusted only against Income from specified business under 35AD

Capital Losses :

- Can be carry forward up to next 8 assessment years from the assessment year in which the loss was incurred
- Long-term capital losses can be adjusted only against long-term capital gains.
- Short-term capital losses can be set off against long-term capital gains as well as short-term capital gains
- Cannot be carried forward if the return is not filed within the original due date

Losses from owning and maintaining race-horses :

- Can be carry forward up to next 4 assessment years from the assessment year in which the loss was incurred
- Cannot be carried forward if the return is not filed within the original due date
- Can only be set off against income from owning and maintaining race-horses only

Points to note:

1.A taxpayer incurring a loss from a source, income from which is otherwise exempt from tax, cannot set off these losses against profit from any taxable source of Income

2. Losses cannot be set off against casual income i.e. crossword puzzles, winning from lotteries, races, card games, betting etc.

<u>For illustrations & problems refer income tax-II by GAUR &NARANG</u>

Video link. https://www.youtube.com/watch?v=7RZfU7P6fss

CHAPTER:3 DEDUCTION U/S: 80 C TO 80U

For certain payments		
80C	■ 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 ■ 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) – 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 ■ 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	Individual/HUF

	– 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/Jeewan 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 scheme[11] 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)	

Notes:

1. Deduction is limited to whole of the amount paid or deposited subject to a maximum of Rs. 1,50,000[12]. This maximum limit of Rs. 1,50,000[12]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)***
80CCC[13]	Contributions to certain pension funds of LIC or any other insurer (up to Rs. 1,50,000) (subject to certain conditions)[14]	Individual
[14]80CCD	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 section 80CCD(2) while computing total	Individual

	income of the employee. However, amount of deduction could not exceed 10% of salary of the employee	
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
80D[17]	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)	Individual/HUF
	■ specified person means: – 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.	
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 diseases and ailments subject to certain conditions[18]	Resident Individual/HUF
80E	Amount paid out of income chargeable to tax by way of	Individual

	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)	
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
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 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 National Fund for Control of Drug Abuse (from assessment year 2016-17) [subject to certain conditions and limits][22]	All assessees
80GG	Rent paid in excess of 10% of total income for	Individuals not receiving

	furnished/unfurnished resi-dential accommodation (subject to maximum of Rs. 5,000 p.m. or 25% of total income, whichever is less) (subject to certain conditions)	any **house rent allowance**
80GGA[23]	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 assessees 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 assessees, 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]	All assessees
	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.	
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)	Assessee being Developer of SEZ
	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.	
80-IAC	Profit and gains derived by an eligible start-up from specified	Company and LLP

	business on or after 1-4-2017 (subject to certain conditions)[27]	
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 assessees No deduction shall be available to an enterprise which commence the business activity on or after 1-4-2017.
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), (*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 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	All assessees
80-ID	Profits and gains from business of hotels and convention centres in specified areas (subject to certain conditions).	All assessees
80-IE	Deduction in respect of certain undertakings in North Eastern States.	All assessees
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 assessees
80JJAA	Deduction of 30% of additional employee cost in respect of employment of new employees.	Assessee to whom section 44AB applies

	Additional employee cost means total emoluments paid or payable to additional employees employed during the previous year.	
	Deduction shall be allowed for first three Assessment Years including the Assessment Year relevant to previous year in which such employment is provided.	
	(Subject to certain other condition)	
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
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 way of royalty in respect of a patent registered on or after 1-4-2003 (subject to certain conditions).	Resident individuals
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	Resident individuals

	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).	
	Rebates	
87A	Tax rebate in case of individual resident in India, whose total income does not exceed Rs. 3,50,000 quantum of rebate shall be an amount equal to hundred per cent of such income-tax or an amount of Rs. 2,500, whichever is less.	Individual

AMENDMENTS.

- . 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.

- . 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.

- . 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.**

SPECIAL POINTS TO BE REMEMBERED.

*'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.

- . 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.

- . 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.

- 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)].

- . 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)].
- . 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.
- . 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.

. With effect from 1-4-2014 deduction will not be allowed if sum is contributed in cash.

. Time limits stated under section 80-IA(4)(*iv*) have been extended from 31-3-2014 to 31-3-2017.

- . 100% deduction shall be allowed from the AY beginning on or after the 1st day of April, 2021.
- . 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, 2021

b. the total turnover of its business does not exceed twenty-five 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

For illustrations & problem refer income tax-II by GAUR &NARANG

VIDEO LINK; https://www.youtube.com/watch?v=V3o8YqkQaPw

How to remember sec 80,see video ; https://www.youtube.com/watch?v=EJ-8gQ-Jick