

DEDUCTIONS UNDER CHAPTER VI-A

SECTION 80AC: DEDUCTION NOT TO BE ALLOWED UNLESS RETURN FURNISHED

Where in computing the total income of an assessee of any previous year, any deduction is admissible under **section 80-IA to section 80RRB** then, **no such deduction** shall be **allowed** to him **unless he furnishes a return of his income** for such assessment year on or before the **due date specified under section 139(1)**.

SECTION 80A: DEDUCTIONS TO BE MADE IN COMPUTING TOTAL INCOME

- (1) An undertaking of an assessee **can claim deduction under any one of the sections namely 80-IA, 80-IAB, 80-IAC, 80-IBA, 80-IE or 10AA.** Multiple deductions cannot be claimed under these sections **for the same undertaking.** The deduction cannot exceed the profits of the undertaking.
- (2) **Where the assessee fails to make a claim in his return of income for any deduction under section 10AA or Chapter VI-A under the heading "C—Deductions in respect of certain incomes", no deduction shall be allowed to him thereunder.**

Note: Chapter VI-A under the heading "C- Deductions in respect of certain incomes consist of sections 80-IA to section 80RRB. Section 80C to 80GGC and 80U are not covered in the said chapter. Therefore, if assessee has not claimed deduction under section 80C to 80GGC and 80U in ROI, then such deduction can be claimed in appeal / revision /rectification.

- (3) **Where an assessee is entitled to deduction under section 80-IA/ 80-IAB/ 80-IAC/ 80-IBA/ 80-IE/10AA and assessee overstates the profits to claim higher deduction under these sections, then A.O. shall take the correct profits to compute the deduction under these sections.**

Chapter of Transfer Pricing will apply subject to certain conditions.

- (4) **Where a deduction under section 80-IA/ 80-IAB/ 80-IAC/ 80-IBA/ 80-IE/10AA is claimed and allowed in respect of profits of any of the specified business referred to in section 35AD for any AY, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other AY.**

**SECTION 80-IA: DEDUCTION IN RESPECT OF PROFITS AND
GAINS FROM UNDERTAKINGS ENGAGED IN
INFRASTRUCTURE DEVELOPMENT, ETC.**

1. Deduction available to:

- A. Any assessee carrying on the business of (i) developing, or (ii) operating and maintaining or (iii) developing, operating and maintaining any infrastructure facility.

Note: "Infrastructure facility" means

- (i) a road including **toll road, a bridge or a rail system**;
- (ii) a **Highway Project** including housing or other activities being an integral part of the highway project
- (iii) a **water supply project**, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system;
- (iv) a **port, airport, inland waterway** or inland port or navigational channel in the sea.

However, deduction under section 80-IA shall not be available to an enterprise which starts the business of **developing, operating and maintaining** OR business of **developing** OR business of **operating and maintaining the infrastructure facility** on or after the **01.04.2017**.

- B. Any assessee which **develops, develops and operates and maintain, or maintains and operates an industrial park or an SEZ. This deduction is shifted to section 80-IAB.** [Provisions of section 80-IAB are same as under 80-IA in respect of such park or SEZ]

However, deduction shall not be available where the development of SEZ begins on or after **01.04.2017**.

- C. An assessee which sets up in any part of India, the business of **generation** or **generation and distribution of power**. However, deduction shall not be available if it begins to generate power on or after **01.04.2017**.

2. Quantum of Deduction: 100% of the profits and gains derived from the eligible business for a period of 10 consecutive Assessment Years.

3. The deduction may at the option of the assessee be claimed by him for any 10 consecutive Assessment Years out of 15 years beginning with the year in which the assessee starts the above business.

However, in case of an assessee who develops, or operates and maintain, or develops, operates and maintains any infrastructure facility being:

- (i) A road including toll road, a bridge or a rail system
- (ii) A highway project including housing or other activities being an integral part of the highway project
- (iii) A water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system

the option is any 10 consecutive Assessment Years out of a block of 20 years (instead of 15 years).

CBDT CIRCULARS ON SECTION 80-IA

1. The widening of an existing Road by constructing additional lanes as a part of a highway project by an undertaking would be regarded as a new infrastructure facility for the purpose of section 80-IA. However, simply relaying of an existing Road would not be classifiable as a new infrastructure facility for this purpose.
2. Although an assessee is not an owner of the property being roads/ highways developed under BOT agreement, the expenditure incurred on same shall be treated as business expenditure and be allowed to be spread (amortised) during the tenure of concessionaire agreement.
3. The income of SEZ/ industrial park developer being Income from letting out of premises/ developed space alongwith other facilities in an industrial park/ SEZ is chargeable under the head P/G/B/P. The same is therefore eligible for deduction under section 80-IA.

FROM THE JUDICIARY (SECTION 80-IA)

- **CHEATAK ENTERPRISES PVT LTD (SUPREME COURT)**

Facts of the case: An erstwhile partnership firm entered into an agreement with the Rajasthan State Government for construction of road and collection of road toll tax. The construction of road was completed by the said firm on March 27, 2010 and the same was inaugurated on April 1, 2010. **The firm was converted into a private limited company** on March 28, 2010, viz., the assessee, under the Companies Act, 1956. Upon conversion, intimation was given to the Chief Engineer (Roads), P.W.D., Rajasthan, Jaipur who cancelled the registration of the firm and **granted a fresh registration code to the assessee-company**. For A.Y. 2012-13, the Assessing Officer declined the claim of the assessee-company under section 80-1A.

Issue: The issue under consideration is if the relevant criteria laid down under section 80-IA(4)(i) are fulfilled by a company, which has succeeded a firm upon its conversion into a private limited company, whether company can claim deduction.

Supreme Court's Decision: The Supreme Court held that the **assessee-company qualified for the deduction** under section 80-IA being an enterprise carrying on the stated business pertaining to infrastructure facility and owned by a company registered in India on the basis of the agreement executed with the State Government to which the assessee-company has succeeded in law after conversion of the partnership firm into a company.

- **CONTAINER CORPORATION OF INDIA LIMITED [2018] (SUPREME COURT)**

Issue: Can Inland Container Depots (ICDs) be treated as infrastructure facility, for profits derived therefrom to be eligible for deduction under section 80-IA?

Supreme Court's Decision: The definition of "infrastructure facility" in Explanation to section 80-IA(4)(i) **includes an inland port**. The Supreme Court observed that, **considering the nature of work such as custom clearance** carried out at inland container depots, it can be **considered as an inland port** within the meaning of section 80-IA(4). Thus, deduction under section 80-IA can be claimed in respect of income earned therefrom.

• **RANJIT PROJECTS PRIVATE LIMITED [2018] (GUJ)**

Issue: Would an assessee who enters into an agreement with the **Gujarat State Development Corporation** for an infrastructure development project be entitled to deduction under section 80-IA, **even though as per the requirement contained therein, the agreement has to be entered into with the Central Government or State Government** or a local authority or any other statutory body?

High Court's Decision: The High Court observed that **GSRDC is a wholly Government owned company** incorporated pursuant to the State Government's resolution. The memorandum of association shows that the Government enjoys total control over GSRDC. GSRDC was constituted by the State Government as a nodal agency for the purpose of executing road development projects through private participation. Hence, GSRDC is a Government agency and is entitled to deduction under Section 80-IA.

SECTION 10AA: SPECIAL PROVISIONS IN RESPECT OF NEWLY ESTABLISHED UNITS IN SPECIAL ECONOMIC ZONES

- (1) In computing the total income of an undertaking, which begins to manufacture or produce articles or things or computer software before 01.04.2021 in any SEZ, the deduction shall be
- For first 5 AYs** – 100% of export profits.
 - For next 5 AYs** – 50% of export profits.
 - For next 5 AYs** – Amount debited to P&L A/c and credited to “SEZ Reinvestment Allowance Reserve A/c” subject to a maximum of 50% of export profits.

- (2) **Export Profits shall be computed as under:**

Profits of the business of the UNDERTAKING to which Section 10AA applies (As Computed under the head P/G/B/P)

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Export Turnover of the UNDERTAKING to which section 10AA applies

Total Turnover of the UNDERTAKING to which section 10AA applies

Export Turnover means the consideration in respect of export received in, or brought into India by the assessee in convertible foreign exchange, **within a period of 6 months from the end of the previous year** period as may be permitted by the RBI, but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things or computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India.

Note: The sale proceeds referred to above shall be deemed to have been received in India where such sale proceeds are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the RBI.

Can expenditure incurred in foreign exchange for provision of technical services outside India, which is deductible for computing export turnover, be excluded from total turnover also for the purpose of computing deduction under section 10AA?

CIT V. HCL TECHNOLOGIES LIMITED [2018] (SUPREME COURT)

Supreme Court's Decision: If deductions in respect of freight, telecommunication charges and insurance attributable to delivery of articles, things etc. or expenditure incurred in foreign exchange in rendering of services outside India are allowed only against export turnover but not from the total turnover for computing deduction under section 10AA, then, it would give rise to inadvertent, unlawful, meaningless and illogical results causing grave injustice, which could have never have been the intent of the Legislature. Hence, such expenditure incurred in foreign exchange for providing technical services outside India are deductible from total turnover also.

Illustration:

X company engaged in developing and exporting software is having two units, namely Unit-A and Unit-B, Unit-A is setup in Special Economic Zone (SEZ) and Unit-B does not fall under section 10AA of the Act. Company furnishes the following information relating to its 3rd year of operation ended on 31.03.2023:

Items	Unit - A	Unit - B
Export Sales	600	780
Domestic Sales	100	220
Duty Draw Back	19	35
Profit on sale of Import Entitlement	12	Nil
Salaries Paid	270	160
Other Expenses	210	260
Net Profit of the year	251	615

Additional Information:

- (i) **Unit - A:** Expenses of ₹ 12 lacs are disallowable under section 43B and sales proceeds in convertible foreign exchange received in India by 30.09.2023 amounted to ₹ 520 lacs. Export sales of ₹ 600 lacs include freight of ₹ 100 lacs and realization of ₹ 520 lacs includes amount of insurance and freight charges of ₹ 70 lacs.
- (ii) **Unit - B:** Realisation of export sales in convertible foreign exchange received in India by 30.09.2023 was of ₹ 690 lacs. Expenses charged and are to be disallowed as per section 40A(3) of Act are of ₹ 60 lacs.

Compute the total income of X Company for the Assessment Year 2023-24 after claiming deduction under section 10AA.

Answer:

**Computation of Total Income of Company X Assessment Year 2023-24
Profits and Gains of Business or Profession**

Unit A

Net Profit as per Profit & Loss Account

251 lakhs

Add: Disallowance under section 43B	<u>12 lakhs</u>
263 lakhs	
Unit B	
Net Profit as Profit & Loss account	615 lakhs
Add: Disallowance under section 40A(3)	<u>60 lakhs</u>
675 lakhs	
Profits and Gains of Business or Profession	938 lakhs
Less: Deduction under section 10AA	<u>174 lakhs</u>
Total Income	<u>764 lakhs</u>

Note 1: Computation of deduction under section 10AA

Profit of the Business	= 263 lakhs – 19 lakhs – 12 lakhs
	= 232 lakhs (See Note 3)
Export Turnover	= 520 lakhs – 70 lakhs
	= 450 lakhs (See Note 4)
Total Turnover	= 500 lakhs + 100 lakhs
	= 600 lakhs (See Note 5)

Deduction under section 10AA

$$= \text{Profit of the Business} \times \frac{\text{Export Turnover}}{\text{Total Turnover}}$$

$$= 232 \text{ Lakhs} \times 450/600 = 174 \text{ Lakhs}$$

Note 2: 100% of export profits are eligible for deduction under section 10AA for the first five years of operation. Since in given case, its 3rd year of operations, 100% of export profits are deductible under section 10AA.

Note 3: In case of Liberty India (Supreme Court), Supreme Court has ruled that Duty draw back and profit as sale of import entitlement are not eligible for deduction under section 10AA.

Note 4: Export Turnover does not include freight and insurance and ₹ 70 lakhs has been excluded. Export turnover is the sale proceeds received in India within 6 months from end of previous year.

Note 5: Total Turnover shall include domestic sales and FOB value of exports.

SECTION 80-IAC: SPECIAL PROVISION IN RESPECT OF START-UPS

Deduction available to:

Eligible start-up which fulfils the following conditions, namely: —

- (a) it is incorporated on or after the 1st day of April, 2016 but before the **1st day of April, 2023**;
(Amended by Finance Act, 2022)
- (b) the total turnover of its business does not exceed ₹ 100 crores in the previous year relevant to the assessment year for which deduction under section 80-IAC is claimed; and
(Amended by Finance Act, 2020)
- (c) it holds a certificate of eligible business from the Government.

Eligible business: A business carried out by an eligible start-up engaged in innovation, development or improvement of products/ processes/ services or a scalable business model with a high potential of employment generation or wealth creation.

Quantum of Deduction: 100% of the profits and gains derived from such business for 3 consecutive assessment years. The deduction may, at the option of the assessee, be claimed by him for any 3 consecutive assessment years out of 10 years beginning from the year in which the eligible start-up is incorporated.

Illustration:

XYZ Pvt. Ltd. incorporated on 01.05.2016, being an eligible start-up provides following details:

Previous Years (P.Y.)	Turnover in cr.
2016-17	15
2017-18	20
2018-19	25
2019-20	21
2020-21	24
2021-22	98
2022-23	96
2023-24	105
2024-25	99
2025-26	110

The company can choose any 3 consecutive assessment years out of block of 10 assessment years:

- If company starts claiming deduction from previous year 2020-21, then it can claim deduction from previous year 2020-21 to 2022-23.
- If company starts claiming deduction from previous year 2021-22, then it can claim deduction for previous year 2021-22 and previous year 2022-23.
- If company starts claiming deduction from previous year 2022-23, then it can claim deduction for previous year 2022-23 and previous year 2024-25.

SECTION 80-IBA: DEDUCTIONS IN RESPECT OF PROFITS AND GAINS FROM HOUSING PROJECTS

- **Deduction available to:** Any assessee (including non-resident)
- **Eligible business:** Developing and building housing projects **or Developing and building a rental housing project.**
- **Quantum of Deduction:** 100% of the profits and gains derived from such business.
- **Conditions to be satisfied:** (Note: The only condition to be satisfied in case of rental housing project shall be that the project should be notified on or before 31.03.2022 and other conditions are not applicable).
 - (a) the project is approved by the competent authority on or before 31.03.2022.
 - (b) the project is completed within a period of 5 years from the date of approval.

Note 1: Where **approval is obtained more than once**, the project shall be deemed to have been **approved on the date on which housing project was first approved**;

Note 2: The project shall be deemed to have been completed when a certificate of completion of project is obtained in writing

(c) carpet area of the shops and other commercial establishments included in the housing project does not exceed 3% of the aggregate carpet area;

(d) **the project is on a plot of land measuring not less than—**

(i) **1,000 square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or**

(ii) **2,000 square metres, where the project is located in any other place;**

(e) **the project is the only housing project on the plot of land as specified in clause (d);**

(f) **carpet area of the residential unit comprised in the housing project does not exceed—**

(i) **60 square metres, where such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or**

(ii) **90 square metres, where such project is located in any other place.**

(g) **the stamp duty value of a residential unit in the housing project does not exceed ₹ 45 lakhs;**

(h) where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing project shall be allotted to the individual or the spouse or the minor children of such individual;

(i) **the project utilises—**

(i) **not less than 90% of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where **such project is located within the metropolitan cities of Bengaluru, Chennai, Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan Region); or****

(ii) **not less than 80% of such floor area ratio where such project is located in any place other, than the place referred to in sub-clause (i); and**

KEY NOTE:

The project must utilize 80% or 90% of the floor area ratio permissible (depending upon the location of the project). For this purpose, floor area ratio has been defined as total covered area of plinth area on all floors divided by the area of the plot of land.

To illustrate, suppose the area of the plot of land is 1,00,000 sq. ft. and the project consists of construction of 5 buildings of 4 floors each with 4,500 sq. ft. on each floor. In this case, the total covered area of plinth area on all floors would be $5 \times 4500 \times 4$, that is, 90,000 sq. ft. and the floor area ratio would be 90% (90,000 sq. ft./1,00,000 sq. ft.).

- **Where the housing project is not completed within 5 years** and in respect of which a deduction has been claimed and allowed under this section, the total amount of deduction so claimed and allowed in one or more previous years, shall be deemed to be the income of the assessee chargeable under the head P/G/B/P of the previous year in which the period for completion 5 years so expires.

SECTION 80-IE: SPECIAL PROVISIONS IN RESPECT OF CERTAIN UNDERTAKINGS IN NORTH-EASTERN STATES

- **Deduction available to:** Any assessee who
 - (1) manufactures or produces any eligible article or thing;
 - (2) undertakes substantial expansion to manufacture or produce any eligible article or thing;
 - (3) commences any eligible business.

IN NORTH EASTERN STATES UPTO 31.03.2017

Notes:

- (i) “**substantial expansion**” means increase in the investment in the plant and machinery by at least **25% of the book value of plant and machinery** (before taking depreciation in any year), as on the first day of the previous year in which the substantial expansion is undertaken;
- (ii) “**eligible business**” means the business of,—
 - (a) hotel (not below two star category);
 - (b) adventure and leisure sports including ropeways;
 - (c) providing medical and health services in the nature of nursing home with a minimum capacity of 25 beds;
 - (d) running an old-age home;
 - (e) operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion designing and industrial training;
 - (f) running information technology related training centre;
 - (g) manufacturing of information technology hardware; and
 - (h) bio-technology.
- **Quantum of Deduction: 100% of the profits and gains derived for 10 consecutive Assessment Years.**

COMMON POINTS ON SECTIONS 80-IA/ 80-IAB/80-IAC/ 80-IBA/ 80-IE AND 10AA

1. Deductions under chapter VI-A e.g. under sections 80-IA, 80-IAB, 80-IAC, 80-IBA 80-IE etc. and deduction under section 10AA are **given from the Gross Total Income.**
2. Deductions under chapter VI-A e.g. under sections 80-IA, 80-IAB, 80-IAC, 80-IBA, 80-IE etc. and deduction under section 10AA are given from the Gross Total Income computed **after setting off the brought forward losses and brought forward depreciation.**
3. If the undertaking in which sections 80-IA, 80-IAB, 80-IAC, 80-IBA, 80-IE, or 10AA applies, suffer a loss, **then such loss shall be set-off and carried forward.**
4. **Conditions to be fulfilled by undertaking for claiming deduction under sections 80-IA (Power Generating Unit), 80-IAC and 80-IE or 10AA:**

- (a) it is **not formed by splitting up, or the reconstruction of a business in existence.**

Exception: If re-construction takes place in the circumstances and period given in section 33B, then deduction is available.

- (b) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Note: The deduction under above-mentioned sections shall be available if the new undertaking is started in an old building or if old furniture and fittings are used

Exceptions:

- (i) **Imported old plant & Machinery.** (Such plant & machinery was not previously used by the assessee in India and no deduction was allowed under the Income Tax Act on account of depreciation to any person)
- (ii) **20% of total plant & machinery can be old.**

Seeyan Plywoods: If the assessee is not entitled to deduction under above-mentioned sections in the year in which industrial undertaking is started because the value of old machinery exceeds 20%, the assessee will be eligible to claim deduction in the subsequent years if the value of old plant & machinery does not exceed 20% of the total value of the machinery in the subsequent years.

5. For computing deduction under sections 80-IA, 80-IAB, 80-IAC or 80-IE, assume that the eligible business is the only business in the Initial Assessment Year and in subsequent Assessment Years.
6. **CBDT Circular:** An assessee who is eligible to claim deduction under section 80-IA has the option to choose the initial/ first year from which it may desire the claim of deduction for 10 consecutive years, out of a slab of 15 (or 20) years, as prescribed under that section. It is hereby clarified that once such initial Assessment Year has been opted for by the assessee, **he shall be entitled to claim deduction under section 80-IA for 10 consecutive years beginning from the year in respect of which he has exercised such option (i.e., the initial assessment year).**

Illustration:

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Profit/ Loss (₹ in lakhs)	-8	-10	-6	-11	-4	-7	+8	+8	+10	+10	+12	+12	+14	+14	+16

Assessee chooses 5th year to be the initial Assessment Year. Therefore, deduction is available from 5th year to 14th year.

Now loss of 5th year and 6th year shall be considered for computing deduction i.e., total loss of 11 lakhs shall be considered for computing deduction. In 7th year profit is Nil after setting off the loss. In 8th year deduction shall be deduction shall be 100% of 5 lakhs. In 9th year 100% of 10 lakh and so on. It may be noted that loss of year 1 to year 4 shall be set-off while computing the income of future assessment years but such losses shall not be considered for computing deduction.

The ratio as per above circular shall also be valid for computation of deduction under sections 80-IAB and 80-IAC.

7. CIT v. Swarnagiri Wire Insulations Pvt. Ltd

Unabsorbed depreciation of a business of an undertaking eligible for 80-IA deduction can be set off against income of another non-eligible business of the assessee.

For example, X Ltd., has two units, Unit A and Unit B. If Unit A engaged in eligible business (say, power generation) has a profit of ₹100 lacs in A.Y. 2022-23, before claiming depreciation of ₹120 lacs and Unit B engaged in non-eligible business (say, manufacture of wires) has a profit of ₹70 lacs, then, as per the above decision, the loss of ₹20 lacs (representing balance depreciation not set-off) pertaining to Unit A can be set-off against profit of ₹70 lacs of Unit B carrying on non-eligible business. Therefore, the net profit of ₹50 lacs would be taxable in the A.Y. 2022-23. If in the next year, i.e. A.Y. 2023-24, the net profits of Unit A and Unit B are ₹200 lacs and ₹80 lacs, respectively, then the eligible deduction under section 80-IA for that year would be ₹180 lacs (i.e., ₹200 lacs minus ₹20 lacs, being loss (representing balance depreciation) set-off in the A.Y. 2022-23 against other income).

The ratio laid down in above case shall also be valid for computation of deduction under sections 80-IAB, 80-IAC and 80-IE.

8. No deduction under sections 80-IA, 80-IAB, 80-IAC, 80-IE shall be admissible unless the accounts of the undertaking for the previous year for which deduction is claimed have been audited by a Chartered Accountant and report of such audit is furnished in prescribed form by specified date i.e., one month prior to due-date of furnishing the return of income under section 139(1).

9. **Provisions of section 80-IA(8) state that** where any goods or services held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods or services held for the purposes of any other business carried on by the assessee are transferred to the eligible business, and, in either case, the consideration for such transfer recorded in the accounts of the eligible business does not correspond to the market value of such goods or services on the date of transfer, then, **for the purpose of deduction under this**

section, the profits and gains of such eligible business shall be computed as if the transfer had been made at the market value of such goods **or services** as on that date.

Note: "market value", in relation to any goods or services, means—

- (i) the price that such goods or services would ordinarily fetch in the open market; or
- (ii) the arm's length price as defined in section 92F, where the transfer of such goods or services is a specified domestic transaction referred to in section 92BA.

The said provisions of section 80-IA(8) shall also apply to section 80-IAB, 80-IAC, 80-IE or 10AA.

10. **Provisions of section 80-IA(10) state that** where it appears to the Assessing Officer that owing to close connection between the assessee carrying on the eligible business and any other person, or for any other reason, the course of business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such business, the Assessing Officer shall in computing the profits and gains of such business **for the purpose of computing deduction under this section**, take the amount of profits as may be reasonably deemed to have been derived therefrom.

Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in section 92F.

The said provisions of section 80-IA(10) shall also apply to section 80-IAB, 80-IAC, 80-IE or 10AA.

Illustration 1:

The assessee files return of income as under:

P/G/B/P	
From eligible business	₹ 100 lakhs
From non-eligible business	₹ 25 lakhs
Gross Total Income	₹ 125 lakhs
Less: Deduction under section 80-IA (100% of 100 lakhs)	₹ 100 lakhs
Total Income	₹ 25 lakhs

Assessing Officer establishes that the assessee has overstated the profits of eligible business by ₹ 60 lakhs by effecting sales to the non-eligible business at a price higher than the market price.

Answer:

Assessing Officer shall compute the total income as under:

GTI as stated by the assessee	₹ 125 lakhs
Less: Deduction under Chapter VI-A under section 80-IA (100% of 40 lakhs)	₹ 40 lakhs
Total Income	₹ 85 lakhs

11. Where an undertaking which is entitled to deduction under section 80-IAB/ 80-IE or 10AA is transferred in the scheme of amalgamation or demerger, then

- (i) No deduction under section 80-IAB/ 80-IE or 10AA shall be available to the transferor-developer or amalgamating or the demerged company for the previous year in which transfer or amalgamation or demerger takes place; and
- (ii) The provisions of Section 80-IAB/ 80-IE or 10AA shall apply to the transferee-developer or amalgamated or the resulting company in the same manner in which they would have applied to the transferor-developer or amalgamating or the demerged company if the transfer or amalgamation or demerger had not taken place. In other words, the deduction shall be available to the amalgamated/ resulting company or transferee-developer for balance number of years.

No deduction shall be available to transferor or transferee under section 80-IA or 80-IAC if the undertaking is so transferred.

12. Nothing contained in section 80-IA or 80-IAB shall apply in relation to a business referred to in those sections which is in the nature of a works contract awarded by any person (including the Central or State Government) and executed by the undertaking referred in those sections.

13. Where assessee received (a) transport subsidy; (b) interest subsidy; (c) power subsidy; and (d) insurance subsidy which were reimbursements of manufacturing cost incurred by assessee, DEDUCTION OF SAID SUBSIDIES IS ALLOWED under sections 80-IA, 80-IAB, 80-IAC, 80-IBA, 80-IE and 10AA.

In other words, Deduction under section 80-IA, 80-IAB, 80-IAC, 80-IBA, 80-IE and 10AA is available on P/G/B/P which includes such subsidy.

14. In computing the profits and gains of a business undertaking, the Assessing Officer may make certain disallowances, such as disallowances pertaining to sections 32, 40(a)(ia), 40A(3), 43B etc., of the Act. The effect of such disallowances is an increase in the profits.

CBDT clarifies that if the disallowances made under sections 32, 40(a)(ia), 40A(3), 43B, etc. of the Act and other specific disallowances, related to the business undertaking against which the Chapter VI-A deduction has been claimed, result in enhancement of the profits of the eligible business, then deduction under Chapter VI-A is ADMISSIBLE on the profits so enhanced by the disallowance.

15. As per Supreme Court in Liberty India:

- (i) Cash Compensatory Support (CCS),
- (ii) Duty Drawback,
- (iii) Profit on sale of import entitlement licenses
- (iv) Duty Exemption Pass Book (DEPB)

SHALL NOT FORM PART OF THE PROFITS OF THE BUSINESS OF UNDERTAKING FOR THE PURPOSES OF SECTIONS 80-IA, 80-IAB, 80-IAC, 80-IBA and 80-IE OR 10AA. Although these are treated as P/G/B/P income but are not eligible for deduction under the said sections.

16. AAHRAM SOFTRONICS (2019) (SUPREME COURT):

The apex court held that an undertaking which had set up a new unit of the nature mentioned in section 80-IC, would be entitled to deduction at the rate of 100% of the profits and gains for five assessment years commencing with the "initial assessment year". For the next five years, the admissible deduction would be 25% or 30%, as the case may be, of the profits and gains. however, in case substantial expansion is carried out as defined in section 80-IC by such an undertaking, within the aforesaid period of 10 years, the said previous year in which the substantial expansion is undertaken would become "initial assessment year", and from that assessment year the assessee shall be entitled to 100% deductions of the profits and gains. Such deduction, however, would be for the period remaining out of 10 years, as provided in section 80-IC.

For example: If the substantial expansion is carried out immediately, on the completion of first 5 years, the assessee would be entitled to deduction @ 100% of profits and gains again for the next 5 years. On the other hand, if substantial expansion is undertaken, say, in the 8th year, deduction would be 100% for the first 5 years, deduction at 25% for the next 2 years and at 100% again from the 8th year as this year becomes "initial assessment year" once again. This 100% deduction would be for the remaining 3 years only, i.e., 8th, 9th and 10th assessment years.

Section 80-IC is not relevant for A.Y. 2023-24. However, the ratio led in above judgment shall hold true for section 80-IE.

SECTION 80JJAA: DEDUCTION IN RESPECT OF EMPLOYMENT OF NEW EMPLOYEES

Deduction available to: Any assessee (including non-resident) to whom Section 44AB applies.

Eligible business: Any business but not profession.

Quantum of Deduction: 30% of ADDITIONAL EMPLOYEE COST incurred in the course of such business in the previous year. Deduction shall be allowed for 3 Assessment Years including the assessment year relevant to the previous year in which such employment is provided. **(Deduction is therefore 30% of additional employee cost and 30% is allowed for a period of 3 years. If additional employee cost is ₹ 10,00,000 then ₹3,00,000 each shall be allowed in 3 successive Assessment Years)**

KEY NOTES:

1. In case of existing business, the **additional employee cost shall be NIL if there is no increase in number of employees from the total number of employees employed as on the last day of preceding year.**

Therefore, if on 31-3-2022, there were 50 employees and during the Previous Year 2022-23, 10 employees left/were removed out of the 50 employees and 10 new employees joined, then there will be no deduction under this section.

If in this case, 12 new employees were recruited, then the emolument paid to 2 new employees shall be taken as ADDITIONAL EMPLOYEE COST.

2. "**ADDITIONAL EMPLOYEE COST**" in case of existing business **shall not include emoluments paid otherwise than through banking channel.**
3. In case of first year of operation of business, emoluments paid to employees employed during the previous year shall be deemed to be ADDITIONAL EMPLOYEE COST. It seems that in first year emoluments can be paid by cash also i.e. other than through banking channel.
4. "**EMOLUMENTS**" means any sum paid or payable to an employee. **Therefore, non-monetary perquisites shall not be included in the emoluments.** If an allowance is paid to an employee and the allowance is partly/wholly exempt under the I.T Act, then the gross allowance shall be taken in EMOLUMENTS.

For Example – HRA paid is ₹ 4,000 and ₹ 2,500 is exempt, then ₹ 4,000 shall be taken as emolument.

5. "**ADDITIONAL EMPLOYEE**" means an employee who has been employed during the previous year and **whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year, but does not include,** —

- (a) an employee whose **total emoluments are more than ₹ 25,000 per month;** or
- (b) an employee for whom the **entire contribution is paid by the Government under the Employees' Pension Scheme** notified in accordance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; or
- (c) an employee employed for a period of less than 240 days during the previous year (**150 days in case of an assessee engaged in the business of manufacturing of apparel or footwear or leather products**); or

Provided that where an employee is employed during the previous year for a period of less than 240 days or 150 days, as the case may be, but is employed for a period of 240 days or 150 days, as the case may be, in the immediately succeeding year, he shall be deemed to have been employed in the succeeding year and the provisions of this section shall apply accordingly.

- (d) **an employee who does not participate in the recognised provident fund;**

Illustration:

X & Co. started business in 2000 and provides you the following data:

- Number of employees as on 31-03-2022 = 20
- In March 2022, 2 employees joined and their total emoluments as per section are 20,000 p.m. They have continued for the whole year in previous year 31.3.2023.
- During the previous year 31-03-2023, 5 employees out of the above resigned.
- During the previous year 31-03-2023, 30 new employees have joined w.e.f. 1-4-2022 and their emoluments are as under:

Basic pay and D.A. = ₹ 12,000 p.m.

H.R.A = ₹ 3,000 p.m. (₹ 1,000 H.R.A. is exempt)

Non-monetary perquisites = ₹ 5,000 p.m.
 Allowance paid in cash = ₹ 2,000 p.m.
 Employer contribution to P.F. = ₹ 4,000 p.m.

Emoluments shall not include non-monetary perquisites. Also, emoluments do not include the employer contribution to P.F and other welfare funds.

Further emoluments paid other than by banking channels do not qualify under this section. Therefore, emoluments which qualify for deduction are ₹ 15,000 p.m.

Further, emoluments paid to 25 employees for 12 months is eligible for deduction. **Also, the two employees who joined in Previous Year 31.3.2022 were employed for less than 240 days shall be deemed to have been employed in Previous Year 31.3.2023 since they are employed for 240 days or more in Previous Year 31.3.2023.**

Therefore, Deduction under section 80JJAA shall be computed as under –

Additional Employee Cost = $(25 \times ₹ 15,000 \times 12) + (2 \times 20,000 \times 12) = ₹ 49,80,000$

Deduction under section 80JJAA = ₹ 14,94,000

Deduction under section 80JJAA shall be allowed for 3 Assessment Years i.e., ₹14,94,000 from Assessment Year 2023-24 to Assessment Year 2025-26. i.e., ₹14,94,000 in Assessment Year 2023-24, ₹14,94,000 in Assessment Year 2024-25 and ₹14,94,000 in Assessment Year 2025-26.

SECTION 80PA: DEDUCTION IN RESPECT OF CERTAIN INCOME OF PRODUCER COMPANIES

Deduction available to: Producer company having total turnover of less than ₹ 100 crores.

Eligible business: “eligible business” means—

- (a) the marketing of agricultural produce grown by the members; or
- (b) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to the members; or
- (c) the processing of the agricultural produce of the members;

Quantum of Deduction: 100% of the profits and gains attributable to such business.

Illustration:

₹ in cr.)			
Turnover of eligible Business (A)	Turnover of other business (B)	Total turnover (TT) (A) +(B)	Whether eligible to claim deduction under section 80PA?
75	24	99	Yes, since TT is < 100 cr.
80	25	105	No, since TT > 100 cr.
50	50	100	No, since TT is not < 100 cr. (TT= 100 cr.)
0	80	80	No, since TT does not include profit derived from eligible business
100	0	100	No, since TT is not < 100 cr.

Deduction is only for profits derived from eligible business:

To illustrate:

- if total turnover of entire business is ₹ 80 cr. (₹ 50 cr. in respect of eligible business and ₹ 30 cr. in respect of non-eligible business);

- total expenditure is ₹ 20 cr. (₹ 15 cr. in respect of eligible business and ₹ 5 cr. in respect of non-eligible business);
- The computation of deduction would be as under:

	(₹ in crores)
(a) Gross Sales/Turnover	80
(b) Allowable expenses	20
(c) Gross total income [(a) – (b)]	60
(d) Deduction under section 80PA [₹ 50 cr. – ₹ 15 cr.]	35
(e) Total income [(c) – (d)]	25

SECTION 80LA: DEDUCTIONS IN RESPECT OF CERTAIN INCOMES OF OFFSHORE BANKING UNITS AND INTERNATIONAL FINANCIAL SERVICES CENTRE

- (1) – Where the gross total income of an assessee, **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 includes:**
- (A) Income from an Offshore Banking Unit in a Special Economic Zone;
 - (B) Income from the banking business with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or develops, operates and maintains a Special Economic Zone;
 - there shall be allowed, a deduction from such income, of an amount equal to –
 - (a) **100% of such income for 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission to open the branch in SEZ was obtained, and thereafter;**
 - (b) **50% of such income for next 5 consecutive assessment years.**
- (1A) Where the gross total income of an assessee, being a Unit of an International Financial Services Centre, includes **any income from business from such unit, including that income which arises from transfer of an asset, being an aircraft, OR A SHIP which was leased by such unit to any person, subject to the condition that the unit has commenced operations on or before 31.03.2024** there shall be allowed, a deduction from such income, of an amount equal to –
- **100% of such income for any 10 consecutive assessment years, at the option of the assessee, out of 15 years, beginning with the assessment year relevant to the previous year in which the permission or registration under the IFSC Act, 2019 was obtained.**

(Amended by Finance Act, 2022)

SECTION 80QQB: DEDUCTION IN RESPECT OF ROYALTY INCOME, ETC., OF AUTHORS OF CERTAIN BOOKS OTHER THAN TEXT-BOOKS

Deduction available to: Resident Individual

Deduction from: Royalty and copyright fees received on books being work of literary, artistic or scientific nature.

Quantum of Deduction: ₹ 3,00,000

SECTION 80RRB: DEDUCTION IN RESPECT OF ROYALTY ON PATENTS

Deduction available to: Resident Individual

Deduction from: Income by way of royalty in respect of a patent

Quantum of Deduction: ₹ 3,00,000

Illustration:

Mr. X, who is an Indian resident, invented a new car engine and got it patented under the Patents Act, 1970 on 15.05.2022. He earned the following royalty in respect of the patent registered in his name:

Royalty from an Indian company	₹ 3,00,000
Royalty from a foreign company	₹ 2,00,000
Expenses incurred	₹ 50,000

Out of the foreign income, only ₹ 1,20,000 could be brought into India in convertible foreign exchange upto 30.09.2023. Compute the amount of deduction under section 80RRB.

Answer:

The deduction under section 80RRB shall be computed as under:

Royalty in Indian currency	₹ 3,00,000
Royalty in Foreign currency recd. within 6 months	₹ 1,20,000
Total	<u>₹ 4,20,000</u>
Less: Proportionate Expenditure = $50,000 \times 4,20,000 / 5,00,000$	₹ 42,000
Net Royalty qualifying for deduction	<u>₹ 3,78,000</u>
Amount of deduction under section 80RRB	₹ 3,00,000

[Net royalty qualifying for deduction or ₹ 3,00,000 whichever is less]

SECTION 80C: DEDUCTION IN RESPECT OF LIFE INSURANCE PREMIA, ETC

Under section 80C, deduction upto ₹1,50,000 is allowed for Life Insurance premium paid to effect or keep in force insurance on life of:

- (a) self, spouse and any child in case of individual; and
- (b) any member, in case of HUF.

In case of Insurance Policy, the amount of any premium shall be restricted to:

Policy issued before 1st April 2012	20% of the actual capital sum assured
Policy issued on or after 1st April 2012	10% of the actual capital sum assured
Policy issued on or after 1st April 2013 - In cases of persons with disability or person with severe disability as per Section 80U or suffering from disease or ailment as specified in Section 80DDB	15% of the actual capital sum assured

Section 10(10D):

Section 10(10D) provides that any sum received under a Life Insurance Policy including the sum allocated by way of bonus on such policy, shall be exempt from tax.

However, the following are not exempt and therefore shall be taxable:

- (i) **Any sum received under Keyman Insurance Policy.**
- (ii) Any sum received under an Insurance Policy which exceeds the above tabulated % of premium payable.

However, the amount received on such policy on death of the insured shall not be taxable.

CONCEPT OF ULIPs and related amendments discussed separately.

SECTION 80CCC: DEDUCTION IN RESPECT OF CONTRIBUTION TO CERTAIN PENSION FUNDS

Deduction available to: Individual

Eligible Amount: Deposit or payment made to LIC or any other insurer in the approved annuity plan for receiving pension.

Quantum of Deduction: 100% of amount or ₹ 1,50,000 whichever is less.

SECTION 80D: DEDUCTION IN RESPECT OF MEDICAL INSURANCE PREMIA
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<i>Nature of amount spent</i>	<i>Deduction for individuals</i>				<i>Deduction for HUF</i>	
	<i>Family Member*</i>		<i>Parents</i>		<i>For any member</i>	<i>For any member</i>
	<i>Age below 60 years</i>	<i>Age above 60 years</i>	<i>Age below 60 years</i>	<i>Age above 60 years</i>	<i>Age below 60 years</i>	<i>Age above 60 years</i>
A. Medical Insurance	25,000	50,000	25,000	50,000	25,000	50,000
B. CGHS	25,000	25,000	-	-	-	-
C. Health Check-up	5,000	5,000	5,000	5,000	-	-
D. Medical Expenditure**	-	50,000	-	50,000	-	50,000
Maximum deduction	25,000	50,000	25,000	50,000	25,000	50,000

*Family members includes individual, his spouse and his dependent children.

**Medical Expenditure is allowed if no amount has been paid towards health insurance of such person.

Note: For senior citizen being non-resident, the deduction shall be as allowed to Individual below age of 60 years.

Note: Deduction is available if payments are made other than by cash. However, for health check-up payment can be made in cash.

An Important Issue:

Mr. X, aged about 45 years, paid health insurance premium in lump sum of ₹ 1,20,000 for three years on 1-5-2021. He can claim the deduction as under:

(a)	relevant previous year	2021-22, 2022-23, 2023-24 & 2024-25
(b)	total number of relevant previous years	4
(c)	appropriate fraction [1/(b)]	0.25
(d)	total insurance premium paid	₹ 1,20,000
(e)	deduction equal to appropriate fraction [(c)×(d)]	₹ 30,000
(f)	maximum allowable deduction	₹ 25,000

Suppose, Mr. X is senior citizen, then entire amount of ₹ 30,000 will be allowed as deduction.

**SECTION 80DD: DEDUCTION IN RESPECT OF MAINTENANCE
INCLUDING MEDICAL TREATMENT OF A
DEPENDANT WHO IS A PERSON WITH DISABILITY**

Deduction available to: Resident individual or HUF

Eligibility criteria: The person has during the previous year,—

- incurred any expenditure for the medical treatment (including nursing), training and rehabilitation **of a dependent**, being a person with disability; or
- paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer for the maintenance **of a dependent**, being a person with disability,

Quantum of Deduction: Ad-hoc ₹ 75,000 from his gross total income in respect of the previous year.

Where such dependent is a person with severe disability, the provisions of this sub-section shall have effect as if for the words "₹75,000", the words "₹1,25,000" had been substituted.

2ND CLAUSE ADDED BY FINANCE ACT, 2022

The scheme referred to in clause "(b)" shall provide for payment of annuity or lump sum amount for benefit of the dependent, being person with disability:

- In the event of death of the subscriber individual/ member of HUF, OR
- On attaining age of 60 years or more by such individual/ member of HUF and the payment or deposit of such scheme has been discontinued.

If, however, the dependent pre-deceases the individual/ member of HUF, amount paid/ deposited shall be deemed to be income of the assessee individual/ member of HUF in which such amount is received. It is to be noted that amount received by dependent as per 2nd clause shall not be taxable.

SECTION 80DDB: DEDUCTION IN RESPECT OF MEDICAL TREATMENT, ETC.

Eligible Assessee	Any assessee resident in India
Eligible Expenditure	Any amount actually paid for the medical treatment of such disease or ailment as may be specified: (a) for himself or a dependent , in case the assessee is an individual; or (b) for any member of a HUF, in case the assessee is a HUF
Extent of Deduction	Amount actually paid during the Previous Year or a sum of ₹40,000, whichever is less . In case of senior citizen (60 years or more), actually paid during the Previous Year or ₹ 1,00,000, whichever is less .
Relative Conditions	<ul style="list-style-type: none"> • No such deduction shall be allowed unless the assessee obtains the prescription for such medical treatment from a specialist. • The deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer, or reimbursed by an employer, for the medical treatment of the person referred to in clause (a) or (b).

SECTION 80U: DEDUCTION IN CASE OF A PERSON WITH DISABILITY

Deduction available to: Resident individual certified by a medical authority to be a person with disability.

Quantum of Deduction: Disability → Ad-hoc ₹ 75,000
Severe Disability → Ad-hoc ₹ 1,25,000.

SECTION 80E: DEDUCTION IN RESPECT OF INTEREST ON LOAN TAKEN FOR HIGHER EDUCATION

Deduction available to: Individual

Quantum of Deduction: Interest on loan taken from any financial institution or approved charitable institution for the purpose of pursuing either his or of his relative's higher education shall be allowed from the GTI. **Deduction is available for 8 Assessment Years beginning from the Assessment Year in which the payment of interest on loan begins.**

Note: "Relative", in relation to an individual, means the spouse and children of that individual or the student for whom the individual is the legal guardian.

SECTION 80EEA: DEDUCTION IN RESPECT OF INTEREST ON LOAN TAKEN FOR CERTAIN HOUSE PROPERTY (FINANCE ACT, 2019)

Deduction available to: Individual

Eligible expenditure: Interest payable on loan taken by him from any Financial Institution for acquisition of residential house property.

Quantum of Deduction: ₹ 1,50,000

Conditions to be fulfilled:

- (i) the loan has been **sanctioned by** the financial institution during the period beginning on the 1st day of April, 2019 and ending on the **31st day of March, 2022**;
- (ii) the **stamp duty value** of residential house property **does not exceed ₹ 45 lakhs rupees**;
- (iii) the assessee **does not own any residential house property on the date of sanction of loan**.

SECTION 80EEB: DEDUCTION IN RESPECT OF PURCHASE OF ELECTRIC VEHICLE (FINANCE ACT, 2019)**Deduction available to:** Individual**Eligible Expenditure:** Interest payable on loan taken by him from any financial institution for purchase of an electric vehicle.**Quantum of Deduction:** ₹ 1,50,000**Condition to be fulfilled:** The loan shall be sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2023.**SECTION 80G: DEDUCTION IN RESPECT OF DONATIONS TO CERTAIN FUNDS, CHARITABLE INSTITUTIONS**

Eligible Assessee	All assessees (resident as well as non-resident)
Eligible Deduction	<p>Following deduction in respect of donations to certain approved funds, institutions etc., established for "Charitable purposes":</p> <ul style="list-style-type: none"> - Deduction of 100% of the donations made to specified assesses; and - 50% of the donations made in any other case, restricted to 10% of Adjusted Total Income. <p>Adjusted total income = GTI (-) LTCG (-) Income referred to in sections 115A, 115AB, 115AC, 115AD & 115D (-) STCG (-) Deduction under section 80C to 80U (except 80G)</p>
	No deduction allowed in respect of donation made in excess of ₹2,000 unless such sum is paid by any mode other than cash

SECTION 80GG: DEDUCTIONS IN RESPECT OF RENTS PAID

Eligible Assessee	Individual (Resident or non-resident, both) who is either self-employed or in employment, but not receiving HRA or not provided with any rent free accommodation.
Extent of Deduction	<p>Least of the following shall be allowed as deduction under this section:</p> <ol style="list-style-type: none"> a. ₹5,000 per month b. 25% of the total income before allowing deduction under section 80GG; or c. The excess of actual rent paid over 10% of total income before allowing deduction under section 80GG
Relative	Deduction under this section shall not be available to an

Conditions	assessee in any case where any residential accommodation is— (i) owned by the assessee or by his spouse or minor child or, where such assessee is a member of a HUF, by such family at the place where he ordinarily resides or performs duties of his office or employment or carries on his business or profession; or (ii) owned by the assessee at any other place, being accommodation in the occupation of the assessee, and claimed as self-occupied for the purpose of computation of income under the head house property.
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SECTION	80GGB: DEDUCTION IN RESPECT OF CONTRIBUTIONS GIVEN BY COMPANIES TO POLITICAL PARTIES OR ELECTORAL TRUST
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Deduction available to: Indian Company

Quantum of Deduction: Any sum contributed by it, in the previous year to any political party or an electoral trust.

Provided that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.

SECTION	80GGC: DEDUCTION IN RESPECT OF CONTRIBUTIONS GIVEN BY ANY PERSON TO POLITICAL PARTIES OR ELECTORAL TRUST
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Deduction available to: Any person, except Indian company.

Quantum of Deduction: Any amount of contribution made by him, in the previous year, to a political party or an electoral trust.

Provided that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.

SECTION 80TTA: DEDUCTION IN RESPECT OF INTEREST ON DEPOSITS IN SAVINGS ACCOUNT

Deduction available to: An individual or HUF (**Resident or Non-Resident**)

Deduction available from: Interest earned by assessee on its savings account in:

- i. Bank;
- ii. Co-operative Banks;
- iii. Post office.

No deduction shall be available in respect of Fixed Deposits.

Note: Deduction under section 80TTA is not available to senior citizen referred in section 80TTB, but shall be available if the senior citizen is a Non-Resident.

Quantum of Deduction: The amount of deduction shall be the amount of such income or ₹ 10,000 whichever is lower.

SECTION 80TTB: DEDUCTION IN RESPECT OF INTEREST ON DEPOSITS IN CASE OF SENIOR CITIZENS

Deduction available to: Senior citizen (**Resident**)

Deduction available from: Interest on saving bank account, recurring deposit account as well as Fixed Deposit.

Quantum of Deduction: The amount of deduction shall be the amount of such interest income or ₹ 50,000 whichever is lower.