

YOUR GO-TO GUIDE FOR TAX PLANNING

#Taxplanation

**DEDUCTIONS
AND
EXEMPTIONS**



With the financial year-end approaching, it is the perfect time to review your tax-saving strategies.

Whether you are just starting or refining your approach, this guide will help you find key deductions and exemptions to reduce your taxable income and boost savings before March 31, 2025.

Popular deductions and exemptions under the old tax regime for Financial Year 2024-25.

Contributions

- 1) Section 80C:
Contributions for investments and expenses
- 2) Section 80CCC:
Contributions to pension funds
- 3) Section 80CCD(1),(2),(1B):
Contributions to National Pension System (NPS)
- 4) Section 80D:
Health insurance premiums
- 5) Section 80E:
Education loan interest
- 6) Section 80G:
Donations
- 7) Section 80TTA:
Savings account interest
- 8) Standard deduction

Exemptions

- 1) Section 10(13A):
House Rent Allowance (HRA)
- 2) Section 10(5):
Leave Travel Allowance (LTA)
- 3) Section 10(14):
Office duty allowances
- 4) Section 10(14):
Education allowance
- 5) Section 10(14):
Hostel allowance




Section 80C

Contributions to investments and expenses

Section 80C allows you to reduce taxable income by investing in PPF, EPF, ELSS, and ULIPs or expense towards children’s education or home loan repayment.

Deduction: Up to ₹1.5 lakh per year.

<p>Public Provident Fund (PPF)</p> <p>Contributions to the PPF are deductible from taxable income and both interest and the maturity amount are tax-free</p>	<p>Employee Provident Fund (EPF)</p> <p>Only the employee’s contributions qualify for deductions</p>	<p>National Savings Certificate (NSC)</p> <p>Contributions to NSC qualify for deductions</p> 
<p>Tax-Saving Fixed Deposit(FD)</p> <p>Contributions to only designated FDs with a 5-year tenure qualify for deductions</p>	<p>Equity Linked Savings Scheme (ELSS)</p> <p>Contributions to ELSS, whether lumpsum or through Systematic Investment Plans (SIPs), are eligible for deductions</p>	<p>Sukanya Samriddhi Yojana (SSY)</p> <p>SSY contributions are eligible for deductions. The interest earned and maturity amount are tax-free as well</p>



Life insurance premium

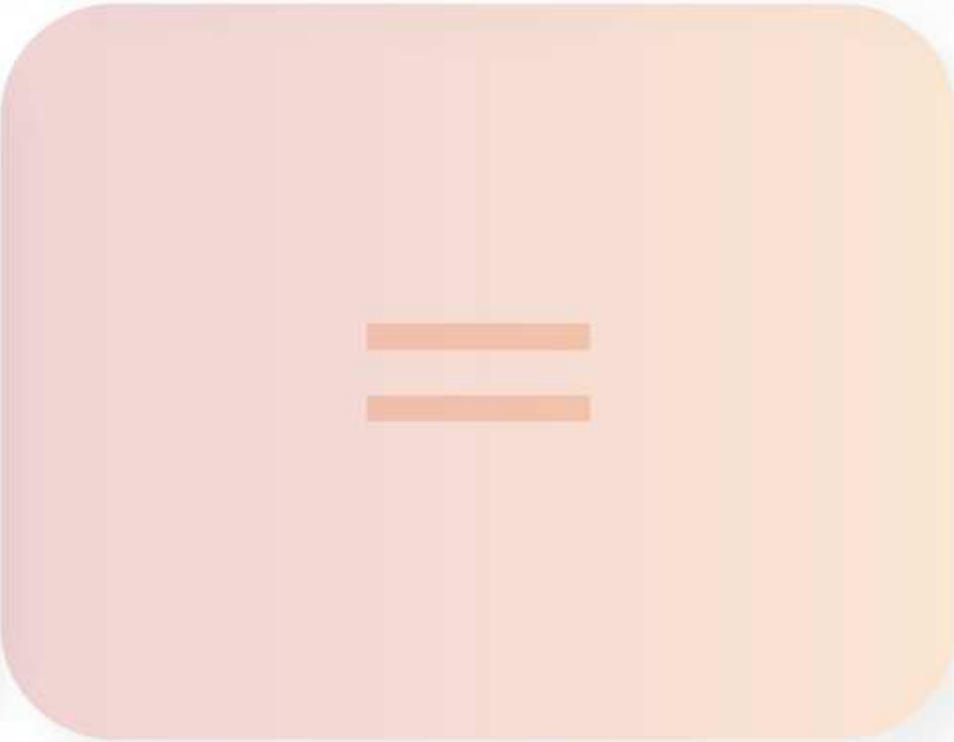
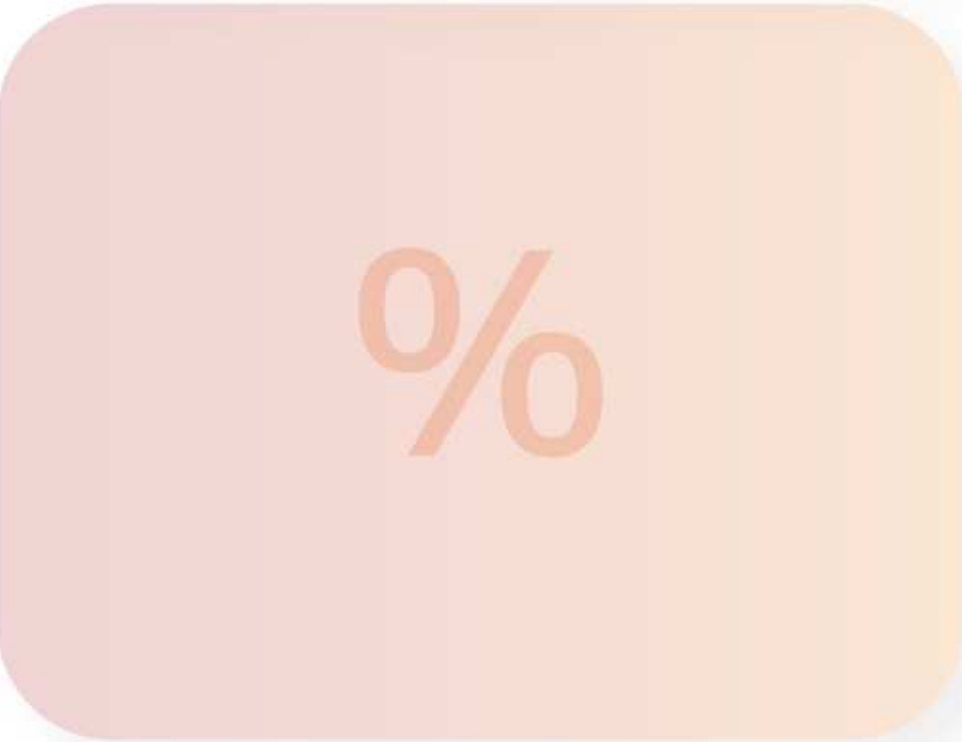
Premiums paid for life insurance policies can be claimed as deductions, subject to certain conditions

Tuition fees

Any payment made to a university, college, school, or institution in India toward the full-time education of up to two children qualifies for deductions

Home loan principal repayment

Only the principal component of the home loan Equated Monthly Instalment (EMI) qualifies for deductions under Section 80C, while the interest component (up to ₹2 lakh per year) qualifies for deductions under Section 24(b)



Section 80CCC

Contributions to pension funds

Any contributions to pension funds of Life Insurance Corporation (LIC) or other approved insurers.

Deduction: Up to ₹1.5 lakh per year.

Note: This deduction is part of the overall ₹1.5 lakh limit under Section 80C.



Section 80CCD(1), 80CCD(2) and 80CCD(1B)

Contributions to National Pension System (NPS)

Section 80CCD(1): Deductions on employee contributions



For salaried employees: Up to 10% of salary (basic + dearness allowance)

For self-employed individuals: Up to 20% of gross income

Note: These deductions are part of the combined 80C limit of ₹1.5 lakh per year.

Section 80CCD(2): Deductions on employer contributions



An additional deduction of up to ₹50,000 per year is allowed on contributions to NPS. This is **over and above the limit of ₹1.5 lakh** under Section 80C

Section 80CCD(1B): Additional NPS deduction



For private sector employees: Up to 10% of salary (basic + dearness allowance)

For government employees: Up to 14% of salary (basic + dearness allowance)

Note: These deductions are over and above the deduction limit of ₹1.5 lakh under Section 80C and ₹50,000 under Section 80CCD (1B) and is available in new tax regime also for salaried employees.

Section 80D

Health insurance premiums



For self, spouse and dependent children

Up to ₹25,000 annually
(₹50,000 for senior citizens)

For parents

Up to ₹25,000 annually
(₹50,000 for senior citizen parents)



Preventive health check-ups

Up to ₹5,000 annually within the above limits



Section 80E

Education loan interest

Section 80E allows a tax deduction for interest paid on an education loan for higher education taken from financial institutions or any approved charitable institution for self, spouse, children or legal wards.

Available for a maximum of eight consecutive years or until the loan is repaid, whichever is earlier

No maximum deduction limit



Section 80G

Donations

Donations made to eligible charitable institutions and funds are eligible for tax deductions under section 80G.



Deduction: 100% or 50% of the donation amount, depending on the type of institution or fund receiving the donation

Section 80TTA

Savings account interest

Interest from a savings account with a bank, co-operative society or post office can be claimed as a deduction.



Deduction: Up to ₹10,000 per year

Standard deduction

This is a flat amount deducted from taxable salary income to provide relief from taxes.



Deduction: ₹50,000 per year under the old tax regime

Deduction: ₹75,000 per year under the new tax regime

Section 10(13A)

House Rent Allowance (HRA)

This allowance helps employees cover their rent costs. HRA exemption allowed is the least of:

01


The actual HRA received from the employer

02

The actual house rent paid minus 10% of the salary (basic & DA)

03

50% of the salary for metro cities (40% for non-metro cities)




Section 10(5)

Leave Travel Allowance (LTA)

This allowance helps employees cover the travel expenses incurred during their domestic trips.

Domestic travel



- Available only for the cost of transportation
- The limit varies as per the mode of transport, which can only be air, rail or public transport
- Can only be claimed for two journeys in a block of four calendar days, with 2022-2025 being the current block
- Unused exemption in a block can be carried forward to the first year of the next block

Section 10(14)

Office duty allowances

These allowances are given to employees to cover expenses incurred while performing their employment duties, such as conveyance allowance, daily allowance, helper allowance, research allowance and uniform allowance.



The actual allowance received or the actual amount spent by the employee, whichever is lower



Section 10(14)

Education allowance

This allowance is granted to employees to cover tuition expenses for up to two children.



₹100 per month per child for a maximum of two children

Section 10(14)

Hostel allowance

This allowance is granted to employees to cover hostel expenses for a maximum of two children.

₹300 per month per child for a maximum of two children





The Income Tax Act offers several avenues for saving taxes. While the list above is comprehensive, it is not exhaustive and several conditions may apply. You must consult a tax expert to evaluate your financial situation and available options, especially because most allowances and deductions are not available under the new tax regime.