

Submission of return for losses.

⁸⁴**80.** Notwithstanding anything contained in this Chapter, no loss which has not been determined in pursuance of a return filed ⁸⁵[in accordance with the provisions of sub-section (3) of section 139], shall be carried forward and set off under sub-section (1) of section 72 or sub-section (2) of section 73 or sub-section (1) ⁸⁶[or sub-section (3)] of section 74 ⁸⁷[or sub-section (3) of section 74A].

⁸⁸[CHAPTER VI-A**DEDUCTIONS TO BE MADE IN COMPUTING TOTAL INCOME***A.—General***Deductions to be made in computing total income.**

80A.(1) In computing the total income of an assessee, there shall be allowed from his gross total income, in accordance with and subject to the provisions of this Chapter, the deductions specified in sections 80C to ⁸⁹[80U].

(2) The aggregate amount of the deductions under this Chapter shall not, in any case, exceed the gross total income of the assessee.

⁹⁰[(3) Where, in computing the total income of an association of persons or a body of individuals, any deduction is admissible under section 80G or section 80GGA or section 80HH or section 80HHA or section 80HHB or section 80HHC or section 80HHD or section 80-I or section 80-IA ^{90a}[or section 80-IB] or section 80J* or section 80JJ, no deduction under the same section shall be made in computing the total income of a member of the association of persons or body of individuals in relation to the share of such member in the income of the association of persons or body of individuals.]

84. See also Circular No. 683, dated 8-6-1994. For details and relevant case laws, see Taxmann's Master Guide to Income-tax Act.

85. Substituted for "within the time allowed under sub-section (1) of section 139 or within such further time as may be allowed by the Income-tax Officer" by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. Earlier, the said expression was substituted for "under section 139" by the Taxation Laws (Amendment) Act, 1984, w.e.f. 1-4-1985.

86. Inserted by the Finance Act, 1987, w.e.f. 1-4-1988.

87. Inserted by the Finance Act, 1974, w.e.f. 1-4-1975.

88. Chapter VI-A, consisting of sections 80A, 80B, 80C, 80D, 80E, 80F, 80G, 80H, 80-I, 80J, 80K, 80L, 80M, 80N, 80-O, 80-P, 80Q, 80R, 80S and 80T, was substituted by the Finance (No. 2) Act, 1967, w.e.f. 1-4-1968. The original Chapter, consisting of only sections 80A to 80D, was inserted by the Finance Act, 1965, w.e.f. 1-4-1965. In the original Chapter, section 80A was amended by the Finance Act, 1966, w.e.f. 1-4-1966 and new section 80E was inserted by the Finance (No. 2) Act, 1966, w.e.f. 1-4-1966.

89. Substituted for "80VV" by the Finance Act, 1985, w.e.f. 1-4-1986. Earlier, "80VV" was substituted for "80U" by the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976 and "80U" was substituted for "80T" by the Finance Act, 1968, w.e.f. 1-4-1969.

90. Substituted for sub-section (3) by the Finance Act, 1992, w.e.f. 1-4-1993. Prior to substitution, sub-section (3), as amended by the Taxation Laws (Amendment) Act, 1970, w.e.f. 1-4-1971, the Finance (No. 2) Act, 1971, w.e.f. 1-4-1972, the Finance Act, 1972, w.e.f. 1-4-1972, the Direct Taxes (Amendment) Act, 1974, w.e.f. 1-4-1974, the Finance Act, 1974,

(Contd. on p. 1.334)

(4) ⁹¹[* * *]

Computation of deduction under section 80M.

80AA. ⁹²[*Omitted by the Finance Act, 1997, w.e.f. 1-4-1998.*]

⁹³[**Deductions to be made with reference to the income included in the gross total income.**

⁹⁴**80AB.** Where any deduction is required to be made or allowed under any section ⁹⁵[* * *] included in this Chapter under the heading “*C.—Deductions in respect of certain incomes*” in respect of any income of the nature

(Contd. from p. 1.333)

w.e.f. 1-4-1975, the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976, the Finance Act, 1975, w.e.f. 1-4-1976, the Finance (No. 2) Act, 1977, w.e.f. 1-4-1978, the Finance Act, 1979, w.e.f. 1-4-1980, the Finance (No. 2) Act, 1980, w.e.f. 1-4-1981, the Finance Act, 1982, w.e.f. 1-4-1983, the Finance Act, 1983, w.e.f. 1-4-1983/1-4-1984, the Finance Act, 1985, w.e.f. 1-4-1986, the Finance Act, 1986, w.e.f. 1-4-1987, the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989, the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989 and the Finance Act, 1989, w.e.f. 1-4-1989, read as under :

“(3) Where, in computing the total income of a firm, association of persons or body of individuals, any deduction is admissible under section 80G or section 80GGA or section 80HH or section 80HHA or section 80HHB or section 80HHC or section 80HHD or section 80-I or section 80J or section 80JJ, no deduction under the same section shall be made in computing the total income of a partner of the firm or, as the case may be, of a member of the association of persons or body of individuals in relation to the share of such partner in the income of the firm or the share of such member in the income of the association of persons or body of individuals.”

90a. The italicised words shall be inserted by the Finance Act, 1999, w.e.f. **1-4-2000.**

*Now omitted by the Finance (No. 2) Act, 1996, w.r.e.f. 1-4-1989.

91. Omitted by the Finance Act, 1978, w.e.f. 1-4-1979. Originally, sub-section (4) was inserted by the Finance Act, 1976, w.e.f. 1-4-1977.

92. Prior to its omission, section 80AA, as inserted by the Finance (No. 2) Act, 1980, w.r.e.f. 1-4-1968, subject to the savings prescribed in section 44 of the said Act, read as under :

“**80AA. Computation of deduction under section 80M.**—Where any deduction is required to be allowed under section 80M in respect of any income by way of dividends from a domestic company which is included in the gross total income of the assessee, then, notwithstanding anything contained in that section, the deduction under that section shall be computed with reference to the income by way of such dividends as computed in accordance with the provisions of this Act (before making any deduction under this Chapter) and not with reference to the gross amount of such dividends.”

Section 44 of the Finance (No. 2) Act, 1980, read as under:

“**44. Saving in certain cases.**—Where before the 18th day of June, 1980 (being the date on which the Finance (No. 2) Bill, 1980, was introduced), the Supreme Court has, on an appeal or a reference in respect of the assessment of an assessee for any particular assessment year, held that the deduction under section 80M is to be allowed in a manner different from that provided in section 80AA of the Income-tax Act, as inserted by section 12 of this Act, then, nothing contained in the said section 80AA shall apply to the assessment of such assessee for that particular assessment year.”

93. Inserted by the Finance (No. 2) Act, 1980, w.e.f. 1-4-1981.

94. For relevant case laws, see Taxmann’s Master Guide to Income-tax Act.

95. Words “(except section 80M)” omitted by the Finance Act, 1997, w.e.f. 1-4-1998.

specified in that section which is included in the gross total income of the assessee, then, notwithstanding anything contained in that section, for the purpose of computing the deduction under that section, the amount of income of that nature as computed in accordance with the provisions of this Act (before making any deduction under this Chapter) shall alone be deemed to be the amount of income of that nature which is derived or received by the assessee and which is included in his gross total income.]

⁹⁶[**Definitions.**

80B. In this Chapter—

(1) ⁹⁷[* * *]

(2) ⁹⁸[* * *]

(3) ⁹⁹[* * *]

(4) ¹[* * *]

(5) “gross total income” means the total income computed in accordance with the provisions of this Act, before making any deduction under this Chapter ²[* * *] ³[* * *];

(6) ⁴[* * *]

(7) ⁵[* * *]

96. Inserted by the Finance (No. 2) Act, 1967, w.e.f. 1-4-1968 in place of original section 80D.

97. Omitted by the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976.

98. Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. Prior to its omission, clause (2) stood as under:

‘(2) “domestic company” means an Indian company, or any other company which, in respect of its income liable to tax under this Act, has made the prescribed arrangements for the declaration and payment, within India, of the dividends (including dividends on preference shares) payable out of such income;’

99. Omitted by the Finance Act, 1968, w.e.f. 1-4-1969.

1. Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. Prior to its omission, clause (4) stood as under:

‘(4) “foreign company” means a company which is not a domestic company as defined in clause (2);’

2. “or under section 280-O” omitted by the Finance Act, 1988, w.e.f. 1-4-1988.

3. “and without applying the provisions of section 64” omitted by the Taxation Laws (Amendment) Act, 1970, with retrospective effect from 1-4-1968.

4. Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. Prior to its omission, clause (6) stood as under:

‘(6) “income”, in relation to a handicapped dependant, means the aggregate income of such person from all sources;’

5. Omitted by the Finance Act, 1972, w.e.f. 1-4-1973.

- (8) 6[* * *]
 (9) 7[* * *].]

B.—Deductions in respect of certain payments

Deduction in respect of life insurance premia, contributions to provident fund, etc.

80C. ^{7a-10}[*Omitted by the Finance Act, 1990, w.e.f. 1-4-1991.*]

6. Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. Prior to its omission, clause (8) stood as under :
 ‘(8) “relative”, in relation to an individual, means—
 (a) the mother, father, husband or wife of the individual, or
 (b) a son, daughter, brother, sister, nephew or niece of the individual, or
 (c) a grandson or grand-daughter of the individual, or
 (d) the spouse of any person referred to in sub-clause (b);’
7. Omitted by the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976.
- 7a. Subject-matter of this section has been dealt with by different sections at different times, viz., (i) section 87 as originally enacted; (ii) original section 80A as introduced by the Finance Act, 1965, w.e.f. 1-4-1965; and (iii) then section 80C was introduced by the Finance (No. 2) Act, 1967, w.e.f. 1-4-1968 and the same was replaced by section 88 with effect from 1-4-1991.
8. Section 80C on earlier occasions was amended by the Finance Act, 1968, w.e.f. 1-4-1969, Finance Act, 1969, w.e.f. 1-4-1970, Finance Act, 1970, w.e.f. 1-4-1971, Finance (No. 2) Act, 1971, w.e.f. 1-4-1972, Finance Act, 1972, w.e.f. 1-4-1973, Finance Act, 1973, w.e.f. 1-4-1974, Finance Act, 1975, w.e.f. 1-4-1976, Finance Act, 1976, w.e.f. 1-4-1977, Finance Act, 1978, w.e.f. 1-4-1979, Finance Act, 1979, w.e.f. 1-4-1980, Finance (No. 2) Act, 1980, w.e.f. 1-4-1981, Finance Act, 1982, w.e.f. 1-4-1983, Finance Act, 1983, w.e.f. 1-4-1984, Taxation Laws (Amendment) Act, 1984, w.r.e.f. 1-4-1971, Taxation Laws (Amendment) Act, 1984, w.r.e.f. 1-4-1983, Finance Act, 1987, w.e.f. 1-4-1988, Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989, Direct Tax Laws (Second Amdt.) Act, 1989, w.r.e.f. 1-4-1984, Direct Tax Laws (Second Amdt.) Act, 1989, w.e.f. 1-4-1990 and Finance Act, 1989, w.e.f. 1-4-1990. Prior to omission, section 80C read as under :
 ‘80C. *Deduction in respect of life insurance premia, contributions to provident fund, etc.*—
 (1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, an amount calculated, with reference to the aggregate of the sums specified in sub-section (2), at the following rates, namely :—
 (a) where such aggregate does not exceed Rs. 6,000 the whole of such aggregate ;
 (b) where such aggregate exceeds Rs. 6,000 but does not exceed Rs. 12,000 Rs. 6,000 plus 50 per cent of the amount by which such aggregate exceeds Rs. 6,000 ;
 (c) where such aggregate exceeds Rs. 12,000 Rs. 9,000 plus 40 per cent of the amount by which such aggregate exceeds Rs. 12,000.

(Contd. on p. 1.337)

(Contd. from p. 1.336)

(2) The sums referred to in sub-section (1) shall be the following, namely :—

- (a) where the assessee is an individual, any sums paid in the previous year by the assessee out of his income chargeable to tax—
- (i) to effect or to keep in force an insurance on the life of the assessee or on the life of the wife or husband or any child of the assessee; or
 - (ii) to effect or to keep in force a contract for a deferred annuity not being an annuity plan referred to in clause (ii) of sub-section (1) of section 80CCA, on the life of the assessee or on the life of the wife or husband or any child of the assessee :
Provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity; or
 - (iii) as a contribution to any provident fund to which the Provident Funds Act, 1925 (19 of 1925), applies; or
 - (iv) as a contribution to any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette; or
 - (v) as a contribution for participation in the Unit-linked Insurance Plan, 1971 made under section 19(1)(cc) of the Unit Trust of India Act, 1963 (52 of 1963); or
 - (vi) as a contribution for participation in any such unit-linked insurance plan of the LIC Mutual Fund notified under clause (23D) of section 10, as the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (b) where the assessee is a Hindu undivided family,—
- (i) any sums paid in the previous year by the assessee out of its income chargeable to tax—
 - (1) to effect or to keep in force an insurance on the life of any member of the family; or
 - (2) as a contribution to any provident fund referred to in sub-clause (iv) of clause (a), where such contribution is to an account standing in the name of any member of the family; or
 - (ii) any sums deposited in the previous year by the assessee out of its income chargeable to tax in a ten-year account or a fifteen-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time, where such sums are deposited in an account standing in the name of any member of the family.

Explanation.—For the purposes of sub-clause (i) of clause (a) and sub-clause (i) of clause (b) of this sub-section, an insurance on the life of any person referred to therein shall include—

- (i) a policy of insurance on the life of such person securing the payment of a specified sum on the stipulated date of maturity of the policy, if such person is alive on such date, notwithstanding that the policy of insurance provides only for the return of premiums paid (with or without any interest thereon) in the event of such person dying before the said stipulated date;
 - (ii) a policy of insurance effected by a person for the benefit of a minor with the object of enabling the minor, after he has attained majority, to secure an insurance on his own life by adopting the policy and on his being alive on a date (after such adoption) specified in the policy in this behalf;
- (c) any sum deducted in the previous year from the salary payable by or on behalf of the Government to any individual being a sum deducted in accordance with the conditions of his service, for the purpose of securing to him a deferred annuity or making provision for his wife or children, in so far as the sum so deducted does not exceed one-fifth of the salary;

(Contd. on p. 1.338)

(Contd. from p. 1.337)

- (d) if the assessee is an employee participating in a recognised provident fund, his own contributions to his individual account in the fund in the previous year, in so far as the aggregate of such contributions does not exceed one-fifth of his salary in that previous year.

Explanation.—In clause (d) of this sub-section “salary” shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule;

- (e) if the assessee is an employee participating in an approved superannuation fund, any sum paid in the previous year by him by way of contribution towards the superannuation fund;
- (f) where the assessee is an individual, any sums deposited, in the previous year by the assessee out of his income chargeable to tax, in a ten-year account or a fifteen-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time;
- (g) where the assessee is an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu—
- (i) any sums paid in the previous year by the assessee out of its income chargeable to tax—
- (1) to effect or to keep in force an insurance on the life of any member of such association or body or on the life of any child of any of the members of such association or body; or
 - (2) to effect or to keep in force a contract for a deferred annuity on the life of any member of such association or body or any child of any of the members of such association or body :
Provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity; or
 - (3) as a contribution to any provident fund referred to in sub-clause (iv) of clause (a); or
 - (4) as a contribution for participation by any one member of such association or body in the Unit-linked Insurance Plan;
- (ii) any sums deposited in the previous year by such association or body out of its income chargeable to tax in a 10-year account or a 15-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time;
- (h) where the assessee is an individual or a Hindu undivided family or where the assessee is an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu, any sums paid in the previous year by such assessee out of his or its income chargeable to tax,—
- (i) as subscription to any such security of the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf; or
 - (ia) as subscription to any such deposit scheme of the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987), as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(Contd. on p. 1.339)

(Contd. from p. 1.338)

- (ib) as subscription to any such savings certificate as defined in clause (c) of section 2 of the Government Savings Certificates Act, 1959 (46 of 1959), as the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (ii) for the purposes of purchase or construction of a residential house property the construction of which is completed after the 31st day of March, 1987, and the income from which is chargeable to tax under the head "Income from house property" (or which would, if it had not been used for the assessee's own residence, have been chargeable to tax under that head), where such payments are made towards or by way of—
- (a) any instalment or part payment of the amount due under any self-financing or other scheme of any development authority, housing board or other authority engaged in the construction and sale of house property on ownership basis; or
 - (b) any instalment or part payment of the amount due to any company or co-operative society of which the assessee is a shareholder or member towards the cost of the house property allotted to him; or
 - (c) re-payment of the amount borrowed by the assessee from—
 - (1) the Central Government or any State Government, or
 - (2) any bank, including a co-operative bank, or
 - (3) the Life Insurance Corporation, or
 - (3A) the National Housing Bank, or
 - (4) any public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes which is approved for the purposes of clause (viii) of subsection (1) of section 36, or
 - (5) any company in which the public are substantially interested or any co-operative society, where such company or co-operative society is engaged in the business of financing the construction of houses, or
 - (6) the assessee's employer where such employer is a public company or a public sector company or a University established by law or a college affiliated to such University or a local authority;
 - (d) stamp duty, registration fee and other expenses for the purpose of transfer of such house property to the assessee,
- but shall not include any payment towards or by way of—
- (A) the admission fee, cost of share and initial deposit which a shareholder of a company or a member of a co-operative society has to pay for becoming such shareholder or member; or
 - (B) the cost of the land, except where the consideration for the purchase of the house property is a composite amount and the cost of the land alone cannot be separately ascertained; or
 - (C) the cost of any addition or alteration to, or renovation or repair of, the house property which is carried out after the issue of the completion certificate in respect of the house property by the authority competent to issue such certificate or after the house property or any part thereof has either been occupied by the assessee or any other person on his behalf or been let out; or
 - (D) any expenditure in respect of which deduction is allowable under the provisions of section 24;

(Contd. on p. 1.340)

(Contd. from p. 1.339)

(i) where the assessee is an individual or a Hindu undivided family or where the assessee is an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu, any sums paid in the previous year by such assessee out of his or its income chargeable to tax as subscription to the National Savings Certificates (VI Issue) and National Savings Certificates (VII Issue) issued under the Government Savings Certificates Act, 1959 (46 of 1959).

(3) The provisions of clauses (a), (b) and (g) of sub-section (2) shall apply only to so much of any premium or other payment made on a policy other than a contract for a deferred annuity as is not in excess of ten per cent of the actual capital sum assured.

Explanation.—In calculating any such capital sum, no account shall be taken—

(i) of the value of any premiums agreed to be returned, or
 (ii) 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.

(4) The aggregate of the sums referred to in sub-section (2), which qualifies for the purposes of computing the deduction under sub-section (1), shall not exceed—

(i) in the case of an individual, being an author, playwright, artist, musician, actor or sportsman (including an athlete), sixty thousand rupees;
 (ii) in the case of any other individual or a Hindu undivided family or any such association of persons or a body of individuals as is referred to in clause (g) or clause (h) of sub-section (2), forty thousand rupees.

(5) If the assessee participating in any unit-linked insurance plan referred to in sub-clause (v) or sub-clause (vi) of clause (a) of sub-section (2), or in the case of an assessee being an association of persons or a body of individuals referred to in clause (g) of sub-section (2), the member thereof participating in any such plan, terminates his participation in that plan (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, then—

(a) no deduction shall be allowed to the assessee under this section in respect of the contribution, if any, paid in the previous year in which the participation is so terminated; and
 (b) the deductions allowed in respect of the contributions paid in the previous years preceding the previous year referred to in clause (a) shall be deemed to be the income of the assessee of that previous year and shall be chargeable to tax accordingly.

Explanation 1.—For the purposes of this sub-section, the deduction allowed under this section in respect of the contribution paid in any previous year shall be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such contribution had been paid during that year.

(6) If the assessee, being—

(a) an individual, has effected or kept in force an insurance on the life of the assessee or on the life of the wife or husband or any child of the assessee; or
 (b) a Hindu undivided family, has effected or kept in force an insurance on the life of any member of the family; or
 (c) an association of persons or a body of individuals referred to in clause (g) of sub-section (2), has effected or kept in force an insurance on the life of any member of such association or body or on the life of any child of any of the members of such association or body,

(Contd. on p. 1.341)

(Contd. from p. 1.340)

terminates the contract of insurance (by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premiums, by not reviving the contract of insurance) before premiums have been paid for two years, then—

- (i) no deduction shall be allowed to the assessee under this section in respect of the premiums, if any, paid in the previous year in which the policy is so terminated; and
- (ii) the deduction allowed in respect of the premiums paid in the previous year or years preceding the previous year referred to in clause (i) shall be deemed to be the income of the assessee of such previous year or years and shall be chargeable to tax accordingly.

Explanation 1.—For the purposes of this sub-section, the deduction allowed under this section in respect of the premiums paid in any previous year shall be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such premiums had been paid during that year.

Explanation 2.—In a case where an assessee terminates his participation in any unit-linked insurance plan referred to in sub-clause (v) or sub-clause (vi) of clause (a) of sub-section (2) in any previous year and also terminates a contract of insurance in that year, the deduction allowed under this section in respect of the contribution or premiums paid in any previous year shall, for the purposes of the *Explanation* to sub-section (5) and *Explanation 1*, be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such contribution or premiums had been paid during that year.

(7) In the case of an assessee referred to in clause (h) of sub-section (2),—

- (a) where any sums specified in sub-clause (ii) of that clause, with reference to which the deduction under sub-section (1) has been allowed are refunded to or received back by the assessee in any previous year (hereinafter referred to as the relevant previous year), then,—
 - (i) no deduction shall be allowed to the assessee under sub-section (1) with reference to any of the sums, specified in that sub-clause, paid in the relevant previous year; and
 - (ii) the aggregate amount of the deductions so allowed in respect of the previous year or previous years preceding the relevant previous year shall be deemed to be the income of the assessee of the relevant previous year and shall be chargeable to tax under the head “Income from other sources”;
- (b) where the house property referred to in sub-clause (ii) of that clause is transferred by the assessee before the expiry of five years from the end of the financial year in which possession of such property is obtained by him, then—
 - (i) no deduction shall be allowed to the assessee under sub-section (1) with reference to any of the sums, specified in that sub-clause, paid in the previous year in which the transfer is so made; and
 - (ii) the aggregate amount of the deductions allowed under sub-section (1) with reference to the sums specified in that sub-clause in respect of the previous year or previous years preceding the previous year referred to in sub-clause (i) of this clause shall be deemed to be the income of the assessee of the previous year in which the transfer is made and shall be chargeable to tax under the head “Income from other sources”;

(Contd. on p. 1.342)

Deduction in respect of investment in certain new shares.**80CC.** ^{10a}[*Omitted by the Finance (No. 2) Act, 1996, w.r.e.f. 1-4-1993.*]

(Contd. from p. 1.341)

- (c) where the aggregate of any sums specified in sub-clause (ii) of that clause exceeds an amount of ten thousand rupees, a deduction under sub-section (1) shall be allowed with reference to so much of the aggregate as does not exceed an amount of ten thousand rupees.
- (8) In this section,—
- (a) “Life Insurance Corporation” means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956);
- (b) “public company” shall have the same meaning as in section 3 of the Companies Act, 1956 (1 of 1956);
- (c) “transfer” shall be deemed to include also the transactions referred to in clause (f) of section 269UA;
- (d) “contribution” to any fund shall not include any sums in repayment of loan.’
9. On section 80C, as it stood prior to 1-4-1991, *see* Circular No. 321, dated 15-1-1982, Circular No. 337, dated 4-5-1982, Circular No. 233, dated 5-12-1977, Circular No. 404, dated 15-1-1985, Letter [F. No. 14/18/61-IT(A-1)], dated 14-8-1962, Circular No. 194, dated 20-3-1976, Circular No. 498, dated 4-11-1987, Circular No. 405, dated 15-1-1985, as corrected by Circular No. 418, dated 2-5-1985, Circular No. 518, dated 9-8-1988 and Circular No. 574, dated 22-8-1990. For details, *see* Taxmann’s Master Guide to Income-tax Act.
10. Notified Schemes were:
- (a) Public provident fund *vide* Notification No. SO 2431, dated 2-7-1968.
- (b) Dhanraksha 1989 Plan of LIC Mutual Fund - *see* Notification No. GSR 55(E), dated 9-2-1990.
- (c) NSC (VIII Issue) - *See* Notification No. 270(E), dated 29-3-1990.
- 10a. Prior to its omission, section 80CC, as inserted by the Finance Act, 1978, w.e.f. 1-4-1978 and later on amended by the Finance Act, 1982, w.e.f. 1-4-1983; Finance Act, 1984, w.e.f. 1-4-1984/1-4-1985; Taxation Laws (Amendment) Act, 1984, w.e.f. 1-4-1978; Finance Act, 1985, w.e.f. 1-4-1985; Finance Act, 1987, w.e.f. 1-4-1987; Finance Act, 1988, w.e.f. 1-4-1989/1-4-1990; Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989; Direct Tax Laws (Second Amendment) Act, 1989, w.e.f. 1-4-1990; Finance Act, 1989, w.e.f. 1-4-1990 and Finance Act, 1994, w.r.e.f. 1-4-1978, read as under :
- ‘80CC. *Deduction in respect of investment in certain new shares.*—(1) Where an assessee, being—
- (a) an individual, or
- (b) a Hindu undivided family,
- (c) [***]

has acquired in the previous year (being a previous year relevant to the assessment year, commencing on the 1st day of April, 1979, or any subsequent assessment year) out of his income chargeable to tax, equity shares forming part of any eligible issue of capital, or units of any Mutual Fund specified under clause (23D) of section 10 or units issued under any scheme of the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963 (52 of 1963), if the amount of subscription to any units, issued by the Mutual Fund or, as the case may be, the Unit Trust of India under such scheme, is subscribed only to eligible issue of capital, he shall, in accordance with and subject to the provisions of this section, be allowed a deduction in the computation of his total income of an amount equal to fifty per cent of the cost of such shares to him.

(Contd. on p. 1.343)

(Contd. from p. 1.342)

Explanation.—Where in any previous year the assessee has acquired any shares referred to in this sub-section and has, within a period of six months from the end of that previous year paid the whole or a part of the amount, if any, remaining unpaid on such shares, the amount so paid shall be deemed to have been paid by the assessee towards the cost of such shares in that previous year.

(2) Where the aggregate cost to the assessee of the shares referred to in sub-section (1) which are acquired by him in the previous year exceeds twenty thousand rupees, the deduction under that sub-section shall be allowed only with reference to such of those shares (being shares the aggregate cost whereof to the assessee does not exceed twenty thousand rupees) as are specified by him in this behalf.

(3) For the purposes of this section, “eligible issue of capital” means an issue of equity shares which satisfies the following conditions, namely :—

(a) the issue is made by a public company formed and registered in India and the issue is wholly and exclusively for the purposes of carrying on the business of—

(i) construction, manufacture or production of any article or thing, not being an article or thing specified in the list in the Eleventh Schedule; or

(ii) providing long-term finance for construction or purchase of houses in India for residential purposes:

Provided that in the case of a public company carrying on the business referred to in sub-clause (ii), such company* is approved by the Central Government for the purposes of this section; or

(iia) a hospital; or

(iii) a hotel approved by the prescribed† authority; or

(iv) operation of ships;

(b) the issue is an issue of capital made by the company for the first time:

Provided that this clause shall not apply in the case of an issue of equity shares made by a public company formed and registered in India with the main object of carrying on the business of operation of ships;

(c) the shares forming part of the issue are offered for subscription to the public and such offer for subscription is made by the company before the 1st day of April, 1990;

(d) such other conditions as may be prescribed:

Provided that in the case of a company which had originally been incorporated as a private company but has become a public company under the provisions of the Companies Act, 1956 (1 of 1956), an issue of equity shares made by it for the first time after it has become a public company shall not be regarded as an eligible issue of capital, if—

(i) such company had declared, distributed or paid any dividend when it was a private company; or

(ii) any of the shares forming part of such issue is offered for subscription at a premium.

Explanation 1.—If any question arises as to whether any issue of equity shares would constitute an eligible issue of capital for the purposes of this section, the question shall be referred to the Central Government whose decision thereon shall be final.

Explanation 2.—In this sub-section and sub-section (4), “public company” shall have the meaning assigned to it in section 3 of the Companies Act, 1956 (1 of 1956).

(4) The deduction under sub-section (1) shall not be allowed unless the assessee has—

(i) subscribed to the shares in pursuance of an offer for subscription to the public made by the public company or in pursuance of a reservation or an option in his favour by reason of his being a promoter of the company; or

(Contd. on p. 1.344)

¹¹[Deduction in respect of deposits under National Savings Scheme or payment to a deferred annuity plan.

¹²80CCA. (1) Where an assessee, being—

- (a) an individual, or
- (b) a Hindu undivided family, ¹³[* * *]
- (c) ¹⁴[* * *]

has in the previous year—

- (i) deposited any amount in accordance with such scheme as the Central Government may, by notification¹⁵ in the Official Gazette, specify in this behalf ¹⁶[* * *]; or

(Contd. from p. 1.343)

- (ii) purchased the shares from a person who is specified as an underwriter in respect of the issue of such shares in pursuance of clause 11 of Part I of Schedule II to the Companies Act, 1956 (1 of 1956), and who has acquired such shares by virtue of his obligation as such underwriter.

(5) If any equity shares, with reference to the cost of which a deduction is allowed under sub-section (1), 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, an amount equal to fifty per cent of the cost to the assessee of the shares so sold or otherwise transferred shall be deemed to be the income of the assessee of the previous year in which the shares are so sold or transferred and shall be chargeable to tax accordingly.

Explanation.—A person shall be treated as having acquired any shares on the date on which his name is entered in relation to those shares in the register of members of the company.

(6) Where a deduction is claimed and allowed under sub-section (1) with reference to the cost of any equity shares, the cost of such shares shall not be taken into account for the purposes of section 54E.*

*Can Fin Homes Ltd., Bangalore was notified.

†The prescribed authority under rule 18AA is Director-General, Directorate of Tourism, Government of India.

11. Substituted by the Finance Act, 1988, w.e.f. 1-4-1988. Original section 80CCA was inserted by the Finance Act, 1987, w.e.f. 1-4-1988.
12. See also Circular No. 527, dated 9-12-1988, Notification No. GSR 903(E), dated 6-9-1988, Circular No. 531, dated 17-3-1989, Circular No. 532, dated 17-3-1989 and Circular No. 534, dated 7-4-1989. For details, see Taxmann's Master Guide to Income-tax Act.
13. Word "or" omitted by the Finance Act, 1994, w.r.e.f. 1-4-1988.
14. Omitted, *ibid.* Prior to its omission, clause (c), as substituted by the Finance Act, 1988, w.e.f. 1-4-1988, read as under:
 - “(c) an association of persons or a body of individuals consisting in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu.”
15. For notified scheme, see Taxmann's Master Guide to Income-tax Act.
16. “(hereafter in this section referred to as the National Savings Scheme)” omitted by the Finance (No. 2) Act, 1991, w.e.f. 1-10-1991.

(ii) paid any amount to effect or to keep in force a contract for such annuity plan of the Life Insurance Corporation as the Central Government may, by notification¹⁷ in the Official Gazette, specify, out of his income chargeable to tax, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income of the whole of the amount deposited or paid (excluding interest or bonus accrued or credited to the assessee's account, if any) as does not exceed the amount of twenty thousand rupees in the previous year :

¹⁸[**Provided** that in relation to—

- (a) the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990, this sub-section shall have effect as if for the words “twenty thousand rupees”, the words “thirty thousand rupees” had been substituted;
- (b) the assessment year commencing on the 1st day of April, 1991 and subsequent assessment years, this sub-section shall have effect as if for the words “twenty thousand rupees”, the words “forty thousand rupees” had been substituted:]

¹⁹[**Provided further** that no deduction under this sub-section shall be allowed in relation to any amount deposited or paid under clauses (i) and (ii) on or after the 1st day of April, 1992.]

(2) Where any amount—

- (a) standing to the credit of the assessee ²⁰[under the scheme referred to in clause (i) of sub-section (1)] in respect of which a deduction has been allowed under sub-section (1) together with the interest accrued on such amount is withdrawn in whole or in part in any previous year, or
- (b) is received on account of the surrender of the policy or as annuity or bonus in accordance with the annuity plan of the Life Insurance Corporation in any previous year,

an amount equal to the whole of the amount referred to in clause (a) or clause (b) shall be deemed to be the income of the assessee of that previous year in which such withdrawal is made or, as the case may be, amount is received, and shall, accordingly, be chargeable to tax as the income of that previous year:

²¹[**Provided** that nothing contained in this sub-section shall apply to any amount received by the assessee on account of the surrender of the policy in accordance

17. For notified annuity plans, *see* Taxmann's Master Guide to Income-tax Act.

18. Substituted by the Finance Act, 1990, w.e.f. 1-4-1991. Prior to substitution, proviso read as under :

'**Provided** that in relation to the assessment year commencing on the 1st day of April, 1989 and subsequent assessment years, this sub-section shall have effect as if for the words “twenty thousand rupees”, the words “thirty thousand rupees” had been substituted.'

19. Inserted by the Finance Act, 1992, w.e.f. 1-4-1993.

20. Substituted for “under the National Savings Scheme” by the Finance (No. 2) Act, 1991, w.e.f. 1-10-1991.

21. Inserted by the Finance Act, 1992, w.e.f. 1-4-1993.

with the terms of the annuity plan of the Life Insurance Corporation where the assessee elects to surrender before the 1st day of October, 1992, the said annuity plan in respect of which he had paid any amount under clause (ii) of sub-section (1) before the 1st day of April, 1992.]

²²[(3) Notwithstanding anything contained in any other provision of this Act, where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (1), the provisions of sub-section (2) shall apply as if the person in receipt of income referred to therein is the assessee.]

Explanation I.—For the removal of doubts, it is hereby declared that interest on the deposits made ²³[under the scheme referred to in clause (i) of sub-section (1)] shall not be chargeable to tax except in the manner and to the extent specified in sub-section (2).

Explanation II.—For the purposes of this section, “Life Insurance Corporation” shall have the same meaning as in clause (a) of sub-section (8) of section 80C.]

²²[**Deduction in respect of investment made under Equity Linked Savings Scheme.**

80CCB. (1) Where an assessee, being—

- (a) an individual, or
- (b) a Hindu undivided family, ²⁴[* * *]
- (c) ²⁵[* * *]

has acquired in the previous year, out of his income chargeable to tax, units of any Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963), under any plan formulated in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf (hereafter in this section referred to as the Equity Linked Savings Scheme), he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income of so much of the amount invested as does not exceed the amount of ten thousand rupees in the previous year :

²⁶[**Provided** that no deduction shall be allowed in relation to any amount invested under this sub-section on or after the 1st day of April, 1992.]

(2) Where any amount invested by the assessee in the units issued under a plan formulated under the Equity Linked Savings Scheme in respect of which a

22. Inserted by the Finance Act, 1990, w.e.f. 1-4-1991.

23. Substituted for “under the National Savings Scheme” by the Finance (No. 2) Act, 1991, w.e.f. 1-10-1991.

24. Word “or” omitted by the Finance Act, 1994, w.r.e.f. 1-4-1991.

25. Omitted, *ibid.* Prior to its omission, clause (c), as inserted by the Finance Act, 1990, w.e.f. 1-4-1991, read as under :

“(c) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu.”

26. Inserted by the Finance Act, 1992, w.e.f. 1-4-1993.

deduction has been allowed under sub-section (1) is returned to him in whole or in part either by way of repurchase of such units or on the termination of the plan, by the Fund or the Trust, as the case may be, in any previous year, it shall be deemed to be the income of the assessee of that previous year and chargeable to tax accordingly.

(3) Notwithstanding anything contained in any other provision of this Act, where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (1), the provisions of sub-section (2) shall apply as if the person in receipt of income referred to therein is the assessee.]

²⁷[**Deduction in respect of contribution to certain pension funds.**

80CCC. (1) Where an assessee being an individual has in the previous year paid or deposited any amount out of his income chargeable to tax to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India for receiving pension from the fund referred to in clause (23AAB) of section 10, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income, of the whole of the amount paid or deposited (excluding interest or bonus accrued or credited to the assessee's account, if any) as does not exceed the amount of ten thousand rupees in the previous year.

(2) Where any amount standing to the credit of the assessee in a fund, referred to in sub-section (1) in respect of which a deduction has been allowed under sub-section (1), together with the interest or bonus accrued or credited to the assessee's account, if any, is received by the assessee or his nominee—

(a) on account of the surrender of the annuity plan whether in whole or in part, in any previous year, or

(b) as pension received from the annuity plan,

an amount equal to the whole of the amount referred to in clause (a) or clause (b) shall be deemed to be the income of the assessee or his nominee, as the case may be, in that previous year in which such withdrawal is made or, as the case may be, pension is received, and shall accordingly be chargeable to tax as income of that previous year.

(3) Where any amount paid or deposited by the assessee has been taken into account for the purposes of this section, a rebate with reference to such amount shall not be allowed under section 88.]

²⁸[**Deduction in respect of medical insurance premia.**

80D. (1) In computing the total income of an assessee, there shall be deducted at the following rates, such sum as is specified in sub-section (2) and paid by him by cheque in the previous year out of his income chargeable to tax, namely :—

27. Inserted by the Finance (No. 2) Act, 1996, w.e.f. 1-4-1997.

28. Inserted by the Income-tax (Amendment) Act, 1986, w.e.f. 1-4-1987. Original section 80D dealing with deduction in respect of medical treatment, etc., of handicapped dependants

(Contd. on p. 1.348)

- (i) in a case where such sum does not exceed in the aggregate ²⁹[ten] thousand rupees, the whole of such sum; and
- (ii) in any other case, ²⁹[ten] thousand rupees.

The following proviso shall be inserted after clause (ii) of sub-section (1) of section 80D by the Finance Act, 1999, w.e.f. 1-4-2000 :

Provided that where the sum specified in sub-section (2) is paid to effect or to keep in force an insurance on the health of the assessee, or his wife or her husband or dependant parents or any member of the family in case the assessee is a Hindu undivided family, and who is a senior citizen, the provisions of this section shall have effect as if for the words “ten thousand rupees”, the words “fifteen thousand rupees” had been substituted.

- (2) The sum referred to in sub-section (1) shall be the following, namely :—
- (a) where the assessee is an individual, any sum paid to effect or to keep in force an insurance on the health of the assessee or on the health of the wife or husband, dependent parents or dependent children of the assessee;

(Contd. from p. 1.347)

was introduced by the Finance (No. 2) Act, 1967, w.e.f. 1-4-1968 replacing old section 80B which was inserted by the Finance Act, 1965, w.e.f. 1-4-1965. Original section 80D, as amended by the Finance Act, 1981, w.e.f. 1-4-1982 and the Finance Act, 1968, w.e.f. 1-4-1969, stood as under before its omission by the Finance Act, 1984, w.e.f. 1-4-1985: “80D. *Deduction in respect of medical treatment, etc., of handicapped dependants.*—(1) Where an assessee who is resident in India, being an individual or Hindu undivided family, who has, during the previous year, incurred out of his or its income chargeable to income-tax, any expenditure for the medical treatment (including nursing) of a person who—

- (a) is a relative of the individual or, as the case may be, is a member of the Hindu undivided family and is not dependent on any person other than such individual or Hindu undivided family for his support or maintenance, and
- (b) is suffering from a physical or mental disability which is certified by a registered medical practitioner to have the effect of reducing considerably such person’s capacity for normal work or engaging in a gainful employment (hereafter in this section referred to as handicapped dependant),

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of the amount specified in sub-section (2) in the computation of his total income in respect of the previous year.

(2) The deduction under sub-section (1) shall be—

- (i) in a case where the handicapped dependant has, for a period of one hundred and eighty-two days or more during the previous year, been admitted in a hospital or a nursing home or a medical institution or in such other institution as may be notified by the Central Government in the Official Gazette to be an institution for the care of handicapped persons, and fees and charges for his medical treatment (including nursing) are payable to such hospital or nursing home or medical or other institution, as the case may be, a sum of four thousand eight hundred rupees, or
- (ii) in any other case, a sum of one thousand two hundred rupees.”

29. Substituted for “six” by the Finance (No. 2) Act, 1996, w.e.f. 1-4-1997. Earlier “six” was substituted for “three” by the Finance Act, 1992, w.e.f. 1-4-1993.

- (b) where the assessee is a Hindu undivided family, any sum paid to effect or to keep in force an insurance on the health of any member of the family;
- (c) ³⁰[* * *]

Provided that such insurance shall be in accordance with a scheme³¹ framed in this behalf by the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972) and approved by the Central Government in this behalf.]

The following Explanation shall be inserted at the end of sub-section (2) of section 80D by the Finance Act, 1999, w.e.f. 1-4-2000 :

Explanation.—For the purpose of this section, “senior citizen” shall have the meaning assigned to it in the Explanation to section 80DDB.

³²[**Deduction in respect of maintenance including medical treatment of handicapped dependent**^{32a}.

80DD. (1) *In computing the total income of an assessee who is a resident of India, being an individual or a Hindu undivided family, there shall be*

30. Omitted by the Finance Act, 1994, w.r.e.f. 1-4-1987. Prior to its omission, clause (c), as inserted by the Income-tax (Amendment) Act, 1986, w.e.f. 1-4-1987, read as under :

“(c) where the assessee is an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu, any sum paid to effect or to keep in force an insurance on the health of any member of such association or body or on the health of the dependent children of the members of such an association or body:”

31. For a scheme providing for hospitalisation and domiciliary hospitalisation benefit, refer Taxmann’s Direct Taxes Circulars, 1999 edn., Vol. 1, pp. 1.1288-1.1296.

32. Section 80DD substituted for sections 80DD and 80DDA by the Finance (No. 2) Act, 1998, w.e.f. 1-4-1999. Prior to their substitution, section 80DD, as inserted by the Finance Act, 1990, w.e.f. 1-4-1991 and thereafter amended by the Finance Act, 1992, w.e.f. 1-4-1993 and Finance Act, 1993, w.e.f. 1-4-1994, and section 80DDA, as inserted by the Finance Act, 1995, w.e.f. 1-4-1996, read as under :

‘80DD.† *Deduction in respect of medical treatment, etc., of handicapped dependants—*Where an assessee who is resident in India, being an individual or a Hindu undivided family has, during the previous year, incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a person who—

- (a) is a relative of the individual or, as the case may be, is a member of the Hindu undivided family and is not dependent on any person other than such individual or Hindu undivided family for his support or maintenance, and
- (b) is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules* made in this behalf by the Board, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital, and which has the effect of reducing considerably such person’s capacity for normal work or engaging in a gainful employment or occupation,

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of fifteen thousand rupees in respect of the previous year.

(2) [* * *]

(Contd. on p. 1.350)

deducted, in accordance with and subject to the provisions of this section, the amount—

- (a) *of expenditure incurred by way of medical treatment (including nursing), training and rehabilitation of a handicapped dependent; or*
- (b) *paid or deposited under any scheme framed in this behalf by the Life Insurance Corporation or Unit Trust of India subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of handicapped dependant,*

out of his income chargeable to tax :

(Contd. from p. 1.349)

Explanation.—For the purposes of this section, the expression “Government hospital” includes a departmental dispensary whether full-time or part-time established and run by a Department of the Government for the medical attendance and treatment of a class or classes of Government servants and members of their families, a hospital maintained by a local authority and any other hospital with which arrangements have been made by the Government for the treatment of Government servants.

80DDA. Deduction in respect of deposit made for maintenance of handicapped dependent.—(1) In computing the total income of an assessee who is resident in India, being an individual or a Hindu undivided family, there shall be deducted, in accordance with and subject to the provisions of this section, an amount not exceeding twenty thousand rupees paid or deposited by him in the previous year, out of his income chargeable to tax, under any scheme framed in this behalf by the Life Insurance Corporation or the Unit Trust of India subject to the conditions specified in sub-section (2) and approved by the Board in this behalf.

(2) The deduction under sub-section (1) shall be allowed only if the following conditions are fulfilled, namely:—

- (a) the scheme referred to in sub-section (1) provides for payment of annuity or lump sum amount for the benefit of a handicapped dependant in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made;
- (b) the assessee nominates either the handicapped dependant or any other person or a trust to receive the payment on his behalf, for the benefit of the handicapped dependant.

(3) If the handicapped dependant predeceases the individual or the member of the Hindu undivided family referred to in sub-section (2), an amount equal to the amount paid or deposited under sub-section (1) shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.

(4) In this section,—

- (a) “Government hospital” shall have the meaning assigned to it in the *Explanation* to section 80DD;
- (b) “handicapped dependant” shall mean a person who—
 - (i) is a relative of the individual or, as the case may be, is a member of the Hindu undivided family and is not dependant on any person other than such individual or Hindu undivided family for his support or maintenance; and
 - (ii) is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules* made by the Board for the purposes of section 80DD, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital, and which has the effect of reducing considerably such person’s capacity for normal work or engaging in a gainful employment or occupation;

(Contd. on p. 1.351)

Provided that no such amount shall exceed forty thousand rupees† in the aggregate under clause (a) or clause (b) or both.

The following sub-section (1) shall be substituted for the existing sub-section (1) of section 80DD by the Finance Act, 1999, w.e.f. 1-4-2000 :

(1) *Where an assessee, who is a resident in India, being an individual or a Hindu undivided family has, during the previous year,—*

- (a) *incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a handicapped dependant; or*
- (b) *paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or Unit Trust of India subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of handicapped dependant,*

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of forty thousand rupees in respect of the previous year.

(2) *The deduction under clause (b) of sub-section (1) shall be allowed only if the following conditions are fulfilled, namely :—*

- (a) *the scheme referred to in clause (b) of sub-section (1) provides for payment of annuity or lump sum amount for the benefit of a handicapped dependant in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made;*
- (b) *the assessee nominates either the handicapped dependant or any other person or a trust to receive the payment on his behalf, for the benefit of the handicapped dependant.*

(3) *If the handicapped dependant predeceases the individual or the member of the Hindu undivided family referred to in sub-section (2), an amount equal to the amount paid or deposited under clause (b) of sub-section (1) shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.*

(4) *In this section,—*

- (a) *“Government hospital” includes a departmental dispensary whether full-time or part-time established and run by a Department of the Government for the medical attendance and treatment of a class or*

(Contd. from p. 1.350)

- (c) *“Life Insurance Corporation” shall have the same meaning as in clause (iii) of sub-section (8) of section 88;*
- (d) *“Unit Trust of India” means the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963).**

32a. *See Circular No. 775, dated 26-3-1999.*

**See rule 11A*

†See Circular No. 702, dated 3-4-1995, issued in relation to old section 80DD.

classes of Government servants and members of their families, a hospital maintained by a local authority and any other hospital maintained by a local authority and any other hospital with which arrangements have been made by the Government for the treatment of Government servants;

- (b) “handicapped dependant” means a person who—
- (i) *is a relative of the individual or, as the case may be, is a member of the Hindu undivided family and is not dependant on any person other than such individual or Hindu undivided family for his support or maintenance; and*
 - (ii) *is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules³³ made by the Board for the purposes of this section, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital, and which has the effect of reducing considerably such person’s capacity for normal work or engaging in a gainful employment or occupation;*
- (c) “Life Insurance Corporation” shall have the same meaning as in clause (iii) of sub-section (8) of section 88;
- (d) “Unit Trust of India” means the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963).]

³⁴[**Deduction in respect of medical treatment, etc.**

80DDB. Where an assessee who is resident in India has, during the previous year, ^{34a}[*actually*] incurred any expenditure for the medical treatment of such disease or ailment as may be specified in the rules³⁵ made in this behalf by the Board—

- (a) for himself or a dependant relative, in case the assessee is an individual; or
- (b) for any member of a Hindu undivided family, in case the assessee is a Hindu undivided family,

the assessee shall be allowed a deduction of a sum of ^{34b}[*fifteen*] thousand rupees in respect of that previous year in which such expenditure was incurred:

Provided that no such deduction shall be allowed unless the assessee furnishes a certificate in such form³⁶ and from such authority as may be prescribed.³⁷

33. See rule 11A issued in relation to old section 80DD.

34. Inserted by the Finance (No. 2) Act, 1996, w.e.f. 1-4-1997.

34a. The italicised word shall be inserted by the Finance Act, 1999, w.e.f. 1-4-2000.

34b. Word “forty” shall be substituted for “fifteen”, *ibid.*

35. See rule 11DD for specified diseases.

36. See Form 10-I.

37. Prescribed authority is ‘any doctor registered with Indian Medical Association with Post-graduate qualifications’.

The following second and third provisos shall be inserted after the existing proviso to section 80DDB by the Finance Act, 1999, w.e.f. 1-4-2000 :

Provided further that the deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer for the medical treatment of the person referred to in clause (a) or clause (b):

Provided also that where the expenditure incurred is in respect of the assessee or his dependant relative or any member of a Hindu undivided family of the assessee and who is a senior citizen, the provisions of this section shall have effect as if for the words “forty thousand rupees”, the words “sixty thousand rupees” had been substituted.

Explanation.—For the purposes of this section, “dependant” means a person who is not dependant for his support or maintenance on any person other than the assessee.]

The following Explanation shall be substituted for the existing Explanation to section 80DDB by the Finance Act, 1999, w.e.f. 1-4-2000 :

Explanation.—For the purposes of this section,—

- (i) “dependant” means a person who is not dependant for his support or maintenance on any person other than the assessee;
- (ii) “insurer” shall have the meaning assigned to it in clause (9) of section 2 of the Insurance Act, 1938 (4 of 1938);
- (iii) “senior citizen” means an individual resident in India who is of the age of sixty-five years or more at any time during the relevant previous year.

³⁸**[Deduction in respect of repayment of loan taken for higher education.**

80E. (1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of repayment of loan, taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education, or interest on such loan:

Provided that the amount which may be so deducted shall not exceed twenty-five thousand rupees.

(2) The deduction specified in sub-section (1) shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial assessment year or until the loan referred to in sub-section (1) together with interest thereon is paid by the assessee in full, whichever is earlier.

38. Inserted by the Finance Act, 1994, w.e.f. 1-4-1995. Earlier section 80E with heading “Deduction in respect of payment for securing retirement annuities” was inserted by the Finance (No. 2) Act, 1967, w.e.f. 1-4-1968. Section 80E, thereafter, was amended by the Finance Act, 1968, w.e.f. 1-4-1969 and the Finance Act, 1984, w.e.f. 1-4-1984 and later on by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. This topic was dealt with by original section 80C which was inserted by the Finance Act, 1965, w.e.f. 1-4-1965.

(3) For the purposes of this section,—

- (a) “approved charitable institution” means an institution specified in, or, as the case may be, an institution established for charitable purposes and notified by the Central Government under clause (23C) of section 10 or an institution referred to in clause (a) of sub-section (2) of section 80G;
- (b) “financial institution” means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (c) ^{39a}“higher education” means full-time studies for any graduate or post-graduate course in engineering, medicine, management or for post-graduate course in applied sciences or pure sciences including mathematics and statistics;
- (d) “initial assessment year” means the assessment year relevant to the previous year, in which the assessee starts repaying the loan or interest thereon.]

Deduction in respect of educational expenses in certain cases.

^{39a}**80F.** [Omitted by the Finance Act, 1985, w.e.f. 1-4-1986. Original section was inserted by the Finance (No. 2) Act, 1967, w.e.f. 1-4-1968 in place of section 87A which was inserted by the Finance Act, 1964, w.e.f. 1-4-1964. New section 80F, dealing with deduction in respect of amounts applied for charitable or religious purposes, etc., was inserted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. This section was omitted by the Direct Tax Laws (Amendment) Act, 1989, with effect from the same date.]

Deduction in respect of expenses on higher education in certain cases.

80FF. [Omitted by the Finance (No. 2) Act, 1980, w.e.f. 1-4-1981. Original section was inserted by the Finance Act, 1975, w.e.f. 1-4-1976.]

39. See also Circular No. 688, dated 23-8-1994. For details, see Taxmann’s Master Guide to Income-tax Act.

39a. Omitted section 80F, as amended by the Finance Act, 1968, w.e.f. 1-4-1969, stood as under : “80F. *Deduction in respect of educational expenses in certain cases.*—(1) Where an individual, being a resident, who is not a citizen of India, has expended any sum in the previous year out of his income chargeable to tax for the full time education of his child wholly or mainly dependent on him and who is not more than twenty-one years of age, at any University, college, school or other educational institution situate in a country outside India, he shall, in accordance with and subject to the provisions of this section, be allowed a deduction of the amount specified in sub-section (2) in the computation of his total income.

(2) The amount referred to in sub-section (1) shall be—

- (i) in the case of an individual who has one such child, one thousand five hundred rupees; and
- (ii) in the case of an individual who has more than one such child, three thousand rupees.”

⁴⁰Deduction in respect of donations to certain funds, charitable institutions, etc.

⁴¹80G. ⁴²[(1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section,—

- ⁴³[(i) in a case where the aggregate of the sums specified in sub-section (2) includes any sum or sums of the nature specified in ⁴⁴[sub-clause (iiia) ⁴⁵[or in sub-clause (iiiaa) ⁴⁶[or in sub-clause (iiiab)] ⁴⁷[or in sub-clause (iiie)] ⁴⁸[or in sub-clause (iiif)] ⁴⁹[or in sub-clause (iiig)] or ⁵⁰[sub-clause (iiih) or] ⁵¹[sub-clause (iiha) or sub-clause (iihb) or sub-clause (iihc) ⁵²[or sub-clause (iihd)] ⁵³[or sub-clause (iihe)] ⁵⁴[or sub-clause (iihf)] ⁵⁵[or sub-clause (iihg) or sub-clause (iihh)] ^{55a}[or sub-clause (iihi)] or] in sub-clause (vii) of clause (a) thereof, an amount equal to the whole of the sum or, as the case may be, sums of such nature *plus* fifty per cent of the balance of such aggregate; and]
- (ii) in any other case, an amount equal to fifty per cent of the aggregate of the sums specified in sub-section (2).]

⁴⁰. This section was inserted in place of section 88 which was deleted by the Finance (No. 2) Act, 1967, w.e.f. 1-4-1968. Now section 88 has taken the place of section 80C.

⁴¹. See also Letter [F. No. 45/313/66-ITJ (61)], dated 2-12-1966, Circular No. 123, dated 31-10-1973, Letter [F. No. 16/38/64-IT(B)], dated 24-10-1964, Circular No. 416, dated 11-4-1985, Letter [F. No. 81/60/62-IT], dated 11-12-1962, Letter [F. No. 69/94/62-IT], dated 14-1-1963, Letter [F. No. 16/5/67-IT (A-I)], dated 5-4-1967, Circular No. 178, dated 23-9-1975, Letter [F. No. 69/22/63-IT], dated 28-9-1963, Letter [F. No. 69/13/62-IT], dated 20-7-1962 and Letter [F. No. 69/34/62-IT], dated 11-7-1962, Letter No. W 110421/1/77-C & G (FP), dated 11-1-1977, Circular No. 678, dated 10-2-1994 and Circular No. 752, dated 26-3-1997. For details, see Taxmann's Master Guide to Income-tax Act.

For relevant case laws, see Taxmann's Master Guide to Income-tax Act.

⁴². Substituted by the Finance Act, 1976, w.e.f. 1-4-1977. Earlier, it was substituted by the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976.

⁴³. Substituted for the following clause (i) by the Finance Act, 1985, w.e.f. 1-4-1986 :

“(i) in a case where the aggregate of the sums specified in sub-section (2) includes any sum specified in sub-clause (vii) of clause (a) thereof, an amount equal to the whole of such sum *plus* fifty per cent of the balance of such aggregate; and”

⁴⁴. Restored to its original expression by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989. Earlier, this was substituted by the Direct Tax Laws (Amendment) Act, 1987 with effect from the same date.

⁴⁵. Inserted by the Income-tax (Amendment) Act, 1989, w.e.f. 24-1-1989.

⁴⁶. Inserted by the Finance (No. 2) Act, 1991, w.e.f. 1-4-1991.

⁴⁷. Inserted by the Finance Act, 1993, w.e.f. 1-4-1993.

⁴⁸. Inserted, *ibid.*, w.e.f. 1-4-1994.

⁴⁹. Inserted by the Finance Act, 1994, w.e.f. 1-4-1994.

⁵⁰. Inserted by the Finance Act, 1995, w.e.f. 1-4-1996.

⁵¹. Inserted by the Finance (No. 2) Act, 1996, w.e.f. 1-4-1997.

⁵². Inserted by the Income-tax (Amendment) Act, 1996, w.e.f. 14-11-1996.

⁵³. Inserted by the Income-tax (Amendment) Act, 1997, w.e.f. 1-4-1997.

⁵⁴. Inserted by the Finance Act, 1997, w.e.f. 1-4-1998.

⁵⁵. Inserted by the Finance (No. 2) Act, 1998, w.e.f. **1-4-1999**.

^{55a}. The italicised words shall be inserted by the Finance Act, 1999, w.e.f. **1-4-2000**.

- (2) The sums referred to in sub-section (1) shall be the following, namely :—
- (a) any sums paid by the assessee in the previous year as donations to—
- (i) the National Defence Fund set up by the Central Government; or
 - (ii) the Jawaharlal Nehru Memorial Fund referred to in the Deed of Declaration of Trust adopted by the National Committee at its meeting held on the 17th day of August, 1964; or
 - (iii) the Prime Minister's Drought Relief Fund; or
- ⁵⁶[(*iiia*) the Prime Minister's National Relief Fund; or]
- ⁵⁷[(*iiiaa*) the Prime Minister's Armenia Earthquake Relief Fund; or]
- ⁵⁸[(*iiiab*) the Africa (Public Contributions - India) Fund; or]
- ⁵⁹[(*iiib*) the National Children's Fund; or]
- ⁶⁰[(*iiic*) the Indira Gandhi Memorial Trust, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of February, 1985; or]
- ⁶¹[(*iiid*) the Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991; or]
- ⁶²[(*iiie*) the National Foundation for Communal Harmony; or]
- ⁶³[(*iiif*) a University or any educational institution of national eminence as may be approved by the prescribed authority⁶⁴ in this behalf; or]
- ⁶⁵[(*iiig*) the Maharashtra Chief Minister's Relief Fund during the period beginning on the 1st day of October, 1993 and ending on the 6th day of October, 1993 or to the Chief Minister's Earthquake Relief Fund, Maharashtra; or]
- ⁶⁶[(*iiih*) any Zila Saksharta Samiti constituted in any district under the chairmanship of the Collector of that district for the purposes of

56. Inserted by the Income-tax (Amendment) Act, 1976, w.r.e.f. 9-9-1975.

57. Inserted by the Income-tax (Amendment) Act, 1989, w.e.f. 24-1-1989.

58. Inserted by the Finance (No. 2) Act, 1991, w.e.f. 1-4-1991.

59. Inserted by the Finance Act, 1982, w.e.f. 1-4-1983.

60. Inserted by the Finance Act, 1985, w.e.f. 1-4-1985.

61. Inserted by the Finance (No. 2) Act, 1991, w.e.f. 1-4-1992.

62. Inserted by the Finance Act, 1993, w.e.f. 1-4-1993. Earlier sub-clause (*iiie*) was omitted by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989 and earlier inserted by the Direct Tax Laws (Amendment) Act, 1987, with effect from the same date.

63. Inserted by the Finance Act, 1993, w.e.f. 1-4-1994.

64. The prescribed authority under rule 18AAA is as follows : in relation to a university or any non-technical institution of national eminence : Director-General (Income-tax Exemption) in concurrence with the Secretary, University Grants Commission; in relation to any technical institution of national eminence : Director-General (Income-tax Exemption) in concurrence with the Secretary, All India Council of Technical Education.

65. Inserted by the Finance Act, 1994, w.e.f. 1-4-1994.

66. Inserted by the Finance Act, 1995, w.e.f. 1-4-1996.

improvement of primary education in villages and towns in such district and for literacy and post-literacy activities.

Explanation.—For the purposes of this sub-clause, “town” means a town which has a population not exceeding one lakh according to the last preceding census of which the relevant figures have been published before the first day of the previous year ; or]

⁶⁷[(*iiiha*) the National Blood Transfusion Council or to any State Blood Transfusion Council which has its sole object the control, supervision, regulation or encouragement in India of the services related to operation and requirements of blood banks.

Explanation.—For the purposes of this sub-clause,—

(a) “National Blood Transfusion Council” means a society registered under the Societies Registration Act, 1860 (21 of 1860) and has an officer not below the rank of an Additional Secretary to the Government of India dealing with the AIDS Control Project as its Chairman, by whatever name called;

(b) “State Blood Transfusion Council” means a society registered, in consultation with the National Blood Transfusion Council, under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India and has Secretary to the Government of that State dealing with the Department of Health, as its Chairman, by whatever name called; or

(*iihb*) any fund set up by a State Government to provide medical relief to the poor; or

(*iihc*) the Army Central Welfare Fund or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund established by the armed forces of the Union for the welfare of the past and present members of such forces or their dependants; or]

⁶⁸[(*iihd*) the Andhra Pradesh Chief Minister’s Cyclone Relief Fund, 1996; or]

⁶⁹[(*iihe*) the National Illness Assistance Fund; or]

⁷⁰[(*iihf*) the Chief Minister’s Relief Fund or the Lieutenant Governor’s Relief Fund in respect of any State or Union territory, as the case may be :

Provided that such Fund is—

(a) the only Fund of its kind established in the State or the Union territory, as the case may be;

(b) under the overall control of the Chief Secretary or the Department of Finance of the State or the Union territory, as the case may be;

67. Inserted by the Finance (No. 2) Act, 1996, w.e.f. 1-4-1997.

68. Inserted by the Income-tax (Amendment) Act, 1996, w.e.f. 14-11-1996.

69. Inserted by the Income-tax (Amendment) Act, 1997, w.e.f. 1-4-1997.

70. Inserted by the Finance Act, 1997, w.e.f. 1-4-1998.

- (c) administered in such manner as may be specified by the State Government or the Lieutenant Governor, as the case may be; or]

⁷¹[(*iiihg*)*the National Sports Fund to be set up by the Central Government; or*

(*iiihh*) *the National Cultural Fund set up by the Central Government; or*]

The following sub-clause (iiihi) shall be inserted after sub-clause (iiihh) of clause (a) of sub-section (2) of section 80G by the Finance Act, 1999, w.e.f. 1-4-2000 :

(*iiihi*) *the Fund for Technology Development and Application set up by the Central Government; or*

(*iv*) any other fund or any institution to which this section applies; or

(*v*) the Government or any local authority, to be utilised for any charitable purpose⁷²[other than the purpose of promoting family planning; or]

⁷³[(*vi*) any authority referred to in clause (20A) of section 10; or

⁷⁴[(*via*) any corporation referred to in clause (26BB) of section 10; or]

(*vii*) the Government or to any such local authority, institution or association as may be approved in this behalf by the Central Government, to be utilised for the purpose of promoting family planning;]

(*b*) any sums paid by the assessee in the previous year as donations for the renovation or repair of any such temple, mosque, gurdwara, church or other place as is notified⁷⁵ by the Central Government in the Official Gazette to be of historic, archaeological or artistic importance or to be a place of public worship of renown throughout any State or States.

(3) ⁷⁶[*Omitted by the Finance Act, 1994, w.e.f. 1-4-1994.*]

71. Sub-clauses (*iiihg*) and (*iiihh*) inserted by the Finance (No. 2) Act, 1998, w.e.f. 1-4-1999.

72. Inserted by the Finance Act, 1976, w.e.f. 1-4-1977.

73. Inserted, *ibid*.

74. Inserted by the Finance Act, 1995, w.e.f. 1-4-1995.

75. For complete list of places of public worship, etc., notified under this clause, refer Taxmann's Direct Taxes Circulars, 1999 edn., Vol. 1, pp. 1.1308-1.1330 and Taxmann's Yearly Tax Digest & Referencer, 1995 edn., p. 6.111, 1996 edn., p. 5.90, 1997 edn., p. 5.63, 1998 edn. p. 6.74 and 1999 edn., p. 6.92.

76. Prior to its omission, sub-section (3) read as under :

“(3) No deduction shall be allowed under sub-section (1) if the aggregate of the sums referred to in sub-section (2) is less than two hundred and fifty rupees.”

⁷⁷[(4) Where the aggregate of the sums referred to in sub-clauses (iv), (v), (vi) ⁷⁸[(via)] and (vii) of clause (a) and in clause (b) of sub-section (2) exceeds ten per cent of the gross total income (as reduced by any portion thereof on which income-tax is not payable under any provision of this Act and by any amount in respect of which the assessee is entitled to a deduction under any other provision of this Chapter), then the amount in excess of ten per cent of the gross total income shall be ignored for the purpose of computing the aggregate of the sums in respect of which deduction is to be allowed under sub-section (1)].

(5) This section applies to donations to any institution or fund referred to in sub-clause (iv) of clause (a) of sub-section (2), only if it is established in India for a charitable purpose and if it fulfils the following conditions, namely :—

⁷⁹[(i) where the institution or fund derives any income, such income would not be liable to inclusion in its total income under the provisions of sections 11 and 12 ⁸⁰[* * *] ⁸¹[or clause (23)] ⁸²[or clause (23AA)] ⁸³[or clause (23C)] of section 10:

⁸⁴**[Provided** that where an institution or fund derives any income, being profits and gains of business, the condition that such income would not be liable to inclusion in its total income under the provisions of section 11 shall not apply in relation to such income, if—

(a) the institution or fund maintains separate books of account in respect of such business;

77. Substituted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. Prior to its substitution, sub-section (4), as amended by the Taxation Laws (Amendment) Act, 1970, with retrospective effect from 1-4-1968 and Finance (No. 2) Act, 1977, w.e.f. 1-4-1978 and substituted by the Finance (No. 2) Act, 1980, w.e.f. 1-4-1981, stood as under :

“(4) Where the aggregate of the sums referred to in sub-clauses (iv), (v), (vi) and (vii) of clause (a) and in clause (b) of sub-section (2) exceeds the smaller of the following amounts, that is to say,—

(i) ten per cent of the gross total income (as reduced by any portion thereof on which income-tax is not payable under any provision of this Act and by any amount in respect of which the assessee is entitled to a deduction under any other provision of this Chapter), and

(ii) five hundred thousand rupees,

then, the amount by which such aggregate exceeds such smaller amount shall be ignored for the purpose of computing the aggregate of the sums in respect of which deduction is to be allowed under sub-section (1).”

78. Inserted by the Finance Act, 1995, w.e.f. 1-4-1995.

79. Restored to its original provision by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989. Earlier, it was substituted by the Direct Tax Laws (Amendment) Act, 1987, with effect from the same date.

80. Words “or clause (22) or clause (22A)” omitted by the Finance (No. 2) Act, 1998, w.e.f. 1-4-1999. Earlier “or clause (22A)” was inserted by the Finance Act, 1970, w.e.f. 1-4-1970.

81. Inserted by the Finance Act, 1973, w.e.f. 1-4-1974.

82. Inserted by the Finance Act, 1987, w.e.f. 1-4-1988.

83. Inserted by the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976.

84. Inserted by the Finance Act, 1983, w.e.f. 1-4-1984.

- (b) the donations made to the institution or fund are not used by it, directly or indirectly, for the purposes of such business; and
- (c) the institution or fund issues to a person making the donation a certificate to the effect that it maintains separate books of account in respect of such business and that the donations received by it will not be used, directly or indirectly, for the purposes of such business;]]
- (ii) the instrument under which the institution or fund is constituted does not, or the rules governing the institution or fund do not, contain any provision for the transfer or application at any time of the whole or any part of the income or assets of the institution or fund for any purpose other than a charitable purpose;
- (iii) the institution or fund is not expressed to be for the benefit of any particular religious community or caste;
- (iv) the institution or fund maintains regular accounts of its receipts and expenditure; ⁸⁵[* * *]
- (v) the institution or fund is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India or under section 25⁸⁶ of the Companies Act, 1956 (1 of 1956), or is a University established by law, or is any other educational institution recognised by the Government or by a University established by law, or affiliated to any University established by law, ⁸⁷[or is an institution approved by the Central Government for the purposes of clause (23) of section 10,] or is an institution financed wholly or in part by the Government or a local authority; ⁸⁸[and]
- ⁸⁹[(vi) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Commissioner in accordance with the rules⁹⁰ made in this behalf:

Provided that any approval shall have effect for such assessment year or years, not exceeding ⁹¹[five] assessment years, as may be specified in the approval.]

⁹²[(5A) Where a deduction under this section is claimed and allowed for any assessment year in respect of any sum specified in sub-section (2), the sum in respect of which deduction is so allowed shall not qualify for deduction under any other provision of this Act for the same or any other assessment year.]

85. Word “and” omitted by the Finance Act, 1994, w.e.f. 1-4-1994.

86. For text of section 25 of the Companies Act, 1956, see **Appendix One**.

87. Inserted by the Finance Act, 1973, w.e.f. 1-4-1974. Restored to its original expression by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989. Earlier, it was omitted by the Direct Tax Laws (Amendment) Act, 1987, with effect from the same date.

88. Inserted by the Finance Act, 1994, w.e.f. 1-4-1994.

89. Inserted by the Finance (No. 2) Act, 1991, w.e.f. 1-10-1991.

90. See rule 11AA and Form No. 10G.

91. Substituted for “three” by the Finance Act, 1993, w.e.f. 1-4-1993.

92. Inserted by the Finance (No. 2) Act, 1980, w.r.e.f. 1-4-1962.

The following sub-section (5B) shall be inserted after sub-section (5A) of section 80G by the Finance Act, 1999, w.e.f. 1-4-2000 :

(5B) Notwithstanding anything contained in clause (ii) of sub-section (5) and Explanation 3, an institution or fund which incurs expenditure, during any previous year, which is of a religious nature for an amount not exceeding five per cent of its total income in that previous year shall be deemed to be an institution or fund to which the provisions of this section apply.

Explanation 1.—An institution or fund established for the benefit of Scheduled Castes, backward classes, Scheduled Tribes or of women and children shall not be deemed to be an institution or fund expressed to be for the benefit of a religious community or caste within the meaning of clause (iii) of sub-section (5).

⁹³[*Explanation 2.*—For the removal of doubts, it is hereby declared that a deduction to which the assessee is entitled in respect of any donation made to an institution or fund to which sub-section (5) applies shall not be denied merely on either or both of the following grounds, namely :—

⁹⁴(i) that, subsequent to the donation, any part of the income of the institution or fund has become chargeable to tax due to non-compliance with any of the provisions of section 11, ⁹⁵[section 12 or section 12A];

(ii) that, under clause (c) of sub-section (1) of section 13, the exemption under section 11 ⁹⁶[or section 12] is denied to the institution or fund in relation to any income arising to it from any investment referred to in clause (h) of sub-section (2) of section 13 where the aggregate of the funds invested by it in a concern referred to in the said clause (h) does not exceed five per cent of the capital of that concern.]

Explanation 3.—In this section, “charitable purpose” does not include any purpose the whole or substantially the whole of which is of a religious nature.

⁹⁷[*Explanation 4.*—For the purposes of this section, an association approved by the Central Government for the purposes of clause (23) of section 10 shall also be deemed to be an institution, and every association or institution approved by the Central Government for the purposes of the said clause shall be deemed to be an institution established in India for a charitable purpose.]

⁹⁸[*Explanation 5.*—For the removal of doubts, it is hereby declared that no deduction shall be allowed under this section in respect of any donation unless such donation is of a sum of money.]

93. Substituted by the Finance Act, 1970, w.e.f. 1-4-1971.

94. Restored to its original position by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989. Earlier, clauses (i) and (ii) were substituted by the Direct Tax Laws (Amendment) Act, 1987, with effect from the same date.

95. Inserted by the Finance Act, 1972, w.e.f. 1-4-1973.

96. Inserted, *ibid*.

97. Inserted by the Finance Act, 1973, w.e.f. 1-4-1974. Restored to its original provision by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989. Earlier it was omitted by the Direct Tax Laws (Amendment) Act, 1987, with effect from the same date.

98. Inserted by the Finance Act, 1976, w.e.f. 1-4-1976.

(6) ⁹⁹[* * *]

¹[Deductions in respect of rents paid.²

80GG. In computing the total income of an assessee, not being an assessee having any income falling within clause (13A) of section 10, there shall be deducted any expenditure incurred by him in excess of ten per cent of his total income towards payment of rent (by whatever name called) in respect of any furnished or unfurnished accommodation occupied by him for the purposes of his own residence, to the extent to which such excess expenditure does not exceed two thousand rupees per month or twenty-five per cent of his total income for the year, whichever is less, and subject to such other conditions or limitations as may be prescribed³, having regard to the area or place in which such accommodation is situated and other relevant considerations :

Provided that nothing in this section shall apply to an 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 Hindu undivided family, 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, the value of which is to be determined under sub-clause (i) of clause (a) or, as the case may be, clause (b) of sub-section (2) of section 23.

Explanation.—In this section, the expressions “ten per cent of his total income” and “twenty-five per cent of his total income” shall mean ten per cent or twenty-five per cent, as the case may be, of the assessee’s total income before allowing deduction for any expenditure under this section.]

99. Omitted by the Finance Act, 1968, w.e.f. 1-4-1969.

1. Reintroduced by the Finance (No. 2) Act, 1998, w.r.e.f. 1-4-1998. Earlier original section 80GG, as inserted by the Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976 and further amended by the Finance Act, 1982, w.e.f. 1-4-1983, the Finance Act, 1983, w.e.f. 1-4-1984, the Finance Act, 1986, w.e.f. 1-4-1987 and Finance (No. 2) Act, 1996, w.e.f. 1-4-1997, was omitted by the Finance Act, 1997, w.e.f. 1-4-1998.

2. See also Circular No. 327, dated 8-2-1982. For details, see Taxmann’s Master Guide to Income-tax Act.

3. Rule 11B provides that to claim deduction under section 80GG, the assessee should file a declaration in Form No. 10BA.

⁴**[Deduction in respect of certain donations for scientific research or rural development.**

80GGA. (1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, the sums specified in sub-section (2).

(2) The sums referred to in sub-section (1) shall be the following, namely:—

- (a) any sum paid by the assessee in the previous year to a scientific research association which has as its object the undertaking of scientific research or to a University, college or other institution to be used for scientific research:

Provided that such association, University, college or institution is for the time being approved for the purposes of clause (ii) of sub-section (1) of section 35;

- ⁵[(aa) any sum paid by the assessee in the previous year to a University, college or other institution to be used for research in social science or statistical research:

Provided that such University, college or institution is for the time being approved for the purposes of clause (iii) of sub-section (1) of section 35;]

- (b) any sum paid by the assessee in the previous year—

(i) to an association or institution, which has as its object the undertaking of any programme of rural development, to be used for carrying out any programme of rural development approved for the purposes of section 35CCA; or

(ii) to an association or institution which has as its object the training of persons for implementing programmes of rural development:

⁶**Provided** that the assessee furnishes the certificate referred to in sub-section (2) or, as the case may be, sub-section (2A) of section 35CCA from such association or institution;]

- ⁷[(bb) any sum paid by the assessee in the previous year to a public sector company or a local authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme:

Provided that the assessee furnishes the certificate referred to in clause (a) of sub-section (2) of section 35AC from such public sector company or local authority or, as the case may be, association or institution.

4. Inserted by the Finance Act, 1979, w.e.f. 1-4-1980. Restored to its original position by the Direct Tax Laws (Amendment) Act, 1989, w.e.f. 1-4-1989. Earlier section 80GGA was omitted by the Direct Tax Laws (Amendment) Act, 1987, with effect from the same date.

5. Inserted by the Finance (No. 2) Act, 1991, w.e.f. 1-4-1992.

6. Substituted for the following by the Finance Act, 1983, w.e.f. 1-4-1983 :

“**Provided** that the association or institution is for the time being approved for the purposes of sub-section (2) of section 35CCA.”

7. Inserted by the Finance (No. 2) Act, 1991, w.e.f. 1-4-1992.

Explanation.—For the purposes of this clause, the expressions “National Committee” and “eligible project or scheme” shall have the meanings respectively assigned to them in the *Explanation* to section 35AC;]

- ⁸[(c) any sum paid by the assessee in the previous year to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources ⁹[or of afforestation], to be used for carrying out any programme of conservation of natural resources ⁹[or of afforestation] approved for the purposes of section 35CCB: **Provided** that the association or institution is for the time being approved for the purposes of sub-section (2) of section 35CCB;]
- ¹⁰[(cc) any sum paid by the assessee in the previous year to such fund for afforestation as is notified by the Central Government under clause (b) of sub-section (1) of section 35CCB;]
- ¹¹[(d) any sum paid by the assessee in the previous year to a rural development fund set up and notified by the Central Government for the purposes of clause (c) of sub-section (1) of section 35CCA;]
- ¹²[(e) any sum paid by the assessee in the previous year to the National Urban Poverty Eradication Fund set up and notified by the Central Government for the purposes of clause (d) of sub-section (1) of section 35CCA.]

(3) Notwithstanding anything contained in sub-section (1), no deduction under this section shall be allowed in the case of an assessee whose gross total income includes income which is chargeable under the head “Profits and gains of business or profession”.

(4) Where a deduction under this section is claimed and allowed for any assessment year in respect of any payments of the nature specified in sub-section (2), deduction shall not be allowed in respect of such payments under any other provision of this Act for the same or any other assessment year.]]

C.—Deductions in respect of certain incomes

Deduction in case of new industrial undertakings employing displaced persons, etc.

80H. [Omitted by the *Taxation Laws (Amendment) Act, 1975, w.e.f. 1-4-1976.* Originally, it was inserted by the *Finance (No. 2) Act, 1967, w.e.f. 1-4-1968.*]

8. Inserted by the Finance Act, 1982, w.e.f. 1-6-1982.
 9. Inserted by the Finance Act, 1990, w.e.f. 1-4-1991.
 10. Inserted, *ibid.*
 11. Inserted by the Finance Act, 1983, w.e.f. 1-4-1983.
 12. Inserted by the Finance Act, 1995, w.e.f. 1-4-1996.