

How to Save Tax for FY 2019-20?

Incorporates changes made in Income Tax laws in Union Budget presented on July 5, 2019

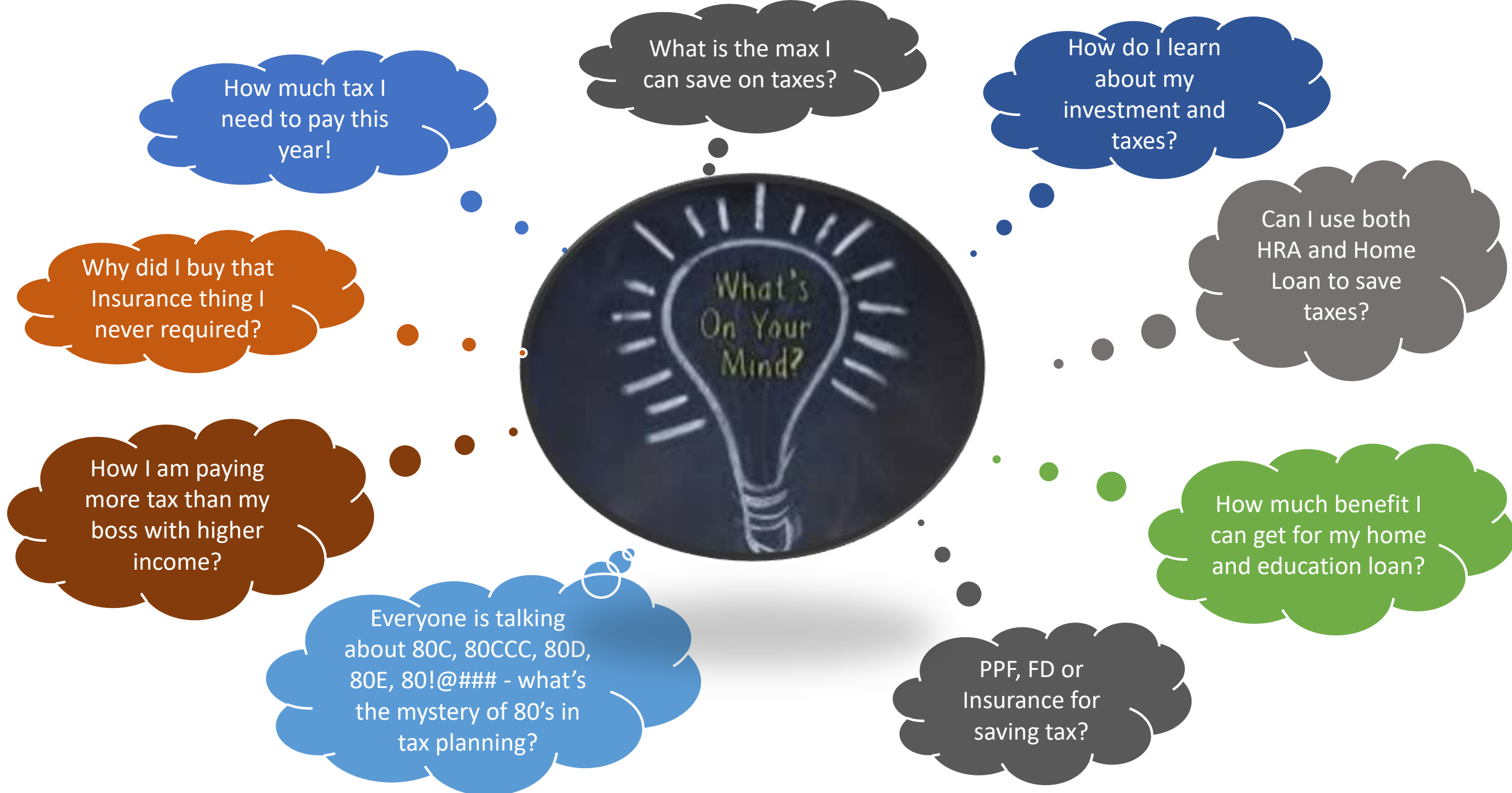
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Apna Personal Finance Guide!





How to Use This Deck?





This presentation (deck) is **quick and simple "know how"** of all tax saving instruments available in India for Individual tax payers



The focus is to help even the layman to understand tax saving instruments and plan accordingly



If you seek more details on the topic you can click the boxes next to  This would redirect you to relevant articles on 



In case you find have any doubts or feedback, write me back at apnaplan.com@gmail.com

I hope this helps you to understand the tax saving avenues available to Individual tax payers in India and help you save tax and your hard earned money

This deck would be continuously updated based on your feedback



Income Tax New Rules in Budget 2019

- 📌 **Increased Tax Rebate u/s 87A:** For individuals with net taxable income of Rs 5 lakh or less the tax rebate would be lesser of tax liability or Rs 12,500 whichever is lower [LEARN MORE](#)
- 📌 **Increased Tax for super-rich:** Surcharge increased to 25% for income between 2 to 5 crore & to 37% for income beyond Rs 5 crores [LEARN MORE](#)
- 📌 **Additional Tax Deduction of Rs 1.5 lakhs u/s 80EEA on home loans** on purchase of affordable home [LEARN MORE](#)
- 📌 **Additional Tax Deduction of Rs 1.5 lakhs u/s 80EEB on Auto loans** on purchase of Electric vehicles [LEARN MORE](#)
- 📌 **Standard deduction** for Salaried and Pensioners **increased** from Rs 40,000 to Rs 50,000
- 📌 **No Tax on Notional Rental** Income from Second House
- 📌 **Capital gains exemption on reinvestment in two house properties:** Tax payers can now buy two houses on sale of 1 house if the capital gains are less than Rs 2 crore. This benefit can be availed only once in lifetime.
- 📌 **TDS threshold increased** from Rs 10,000 to Rs 40,000 on Bank Interest Income
- 📌 **NPS withdrawal** up to 60% tax free & **NPS Tier II now eligible for tax saving** u/s 80C (only for Central Govt employees)

How Much Tax you need to Pay?

The first step for tax planning is to know how much Tax you need to pay!

Income Tax Slabs for FY 2019–20 (AY 2020-21)

General Public

(Below 60 Years of Age)

Income Tax Slab	Tax
Up to Rs. 2.5 Lakhs	Nil
Rs. 2.5 – 5 Lakhs	5%
Rs. 5 – 10 Lakhs	20%
Above Rs. 10 Lakhs	30%

Senior Citizens

(60 to 80 Years of Age)

Income Tax Slab	Tax
Up to Rs. 3 Lakhs	Nil
Rs. 3 – 5 Lakhs	5%
Rs. 5 – 10 Lakhs	20%
Above Rs. 10 Lakhs	30%

Very Senior Citizens

(More than 80 Years of Age)

Income Tax Slab	Tax
Up to Rs. 5 Lakhs	Nil
Rs. 5 – 10 Lakhs	20%
Above Rs. 10 Lakhs	30%

Income Band	Less than 50 lakh	50 Lakh to 1 crore	1 crore to 2 crore	2 crore to 5 crore	More than 5 crore
Surcharge on income tax	0%	10%	15%	25%	37%

- ↳ Health & Education Cess of 4%
- ↳ Tax Rebate of Rs 12,500 for income up to Rs 5 lakhs u/s 87A
- ↳ There are no separate slab for male and female

[LEARN MORE](#)
CLICK HERE FOR MORE INFO



**Income Tax Calculator for
FY 2019-20 (AY 2020-21)**

You should be connected to internet to download this

Tax Saving Sections

Below is the list of all Tax Saving Sections available for Individuals in India

Maximum Rs 1.5 Lakh Deduction from Income combining these 3 Sections

Section 80C

Lots of Options like PPF, ELSS, FD, etc.

Section 80CCC

Pension Products

Section 80CCD

Central Government Employee Pension Scheme

Section 80CCD(1B)

Additional exemption of Rs 50,000 for investment in **NPS**



Investments & Expenditure

NPS

Tax Saving Sections (Contd...)

Health and Well Being

Section 80 D

Medical Insurance for Family and Parents

Deduction Up to Rs 1,00,000

Section 80DD

Maintenance & medical treatment of disabled dependent

Deduction Up to Rs 1.25 Lakh

Section 80DDB

Treatment of certain Disease/ Ailment

Deduction Up to Rs 1,00,000

Section 80U

Physically Disabled Assesse

Deduction Up to Rs 1.25 Lakh

Loans

Section 80 E

Interest payable on Education Loan

No Limit for Deduction

Section 24

Interest payable on Housing Loan & Home Improvement Loan

Deduction Up to Rs 2 Lakh for Home Loan including Rs 30,000 for Home Improvement Loan

Section 80EEA

Additional Tax Deduction of Rs 1.5 lakhs on home loans on purchase of affordable home

Section 80EEB

Additional Tax Deduction of Rs 1.5 lakhs on Auto loans on purchase of Electric vehicles

Tax Saving Sections (Contd...)

Donations

Section 80G

Donation to certain charitable funds, charitable institutions, etc.

Section 80GGA

Donations for scientific research or rural development

Section 80GGC

Donation to political parties

Others

Section 80GG

For Paying Rent in case of no HRA

Deduction Up to Rs 60,000

Section 80TTA

Interest received in Saving Account

Deduction Up to Rs 10,000

Section 80TTB

Interest Income for Senior Citizens only

Deduction Up to Rs 50,000

Section 80C/ 80CCC/ 80CCD

- ↳ The maximum deduction combining all these investments/ expenditures is Rs 1.5 lakh
- ↳ Following options are available for deduction under sec 80C/80CCC/80CCD

Investment Options (Debt)

Provident Fund (EPF/ VPF)

Public Provident Fund (PPF)

Sukanya Samriddhi Account (SSA)

National Saving Certificate (NSC)

Senior Citizen's Saving Scheme (SCSS)

Tax Saving Fixed Deposits (for 5 Years)

Investment Options (Others)

Life Insurance Premium

Pension Plans from Mutual Funds

Pension Plans from Insurance Companies

New Pension Scheme (NPS)

Tax Saving Mutual Funds (ELSS)

Central Govt. Employees Pension Scheme

Expenditures

Principal Payment on Home Loan

Stamp duty and registration cost of the House

Tuition Fee for 2 Children



Learn about Best Tax Saving Investments u/s 80C

EPF/VPF (Employee Provident Fund)



- ↳ EPF is mandatory for salaried employees working for companies with more than 20 employees
- ↳ Under EPF rules, you need to contribute 12% of your Basic pay + DA to EPF
- ↳ The employer matches this EPF contribution
- ↳ You have option to put up to 100% of Basic pay + DA to EPF. This is known as Voluntary Provident Fund (VPF)
- ↳ The employer is NOT required to match your VPF contribution

The Good



- 👍 The interest earned on EPF/VPF is Tax Free
- 👍 Can take loan against EPF and also do partial withdrawal under certain conditions
- 👍 Convenient to invest as the amount is directly deducted from salary

The Bad

- 👎 Money is locked till your retirement
- 👎 The EPF interest rates are market linked and set by EPFO every year
- 👎 This option is only for salaried employees
- 👎 The withdrawal of EPF takes time and paperwork



- ⚡ You can opt for VPF by giving a request to your company at the start of every financial year
- ⚡ Only your contribution in EPF and VPF is considered for Tax Deduction
- ⚡ If you withdraw your EPF before 5 years the amount is taxable and TDS would be deducted
- ⚡ In case you change your job, you should transfer the previous EPF to your current employer



PPF (Public Provident Fund)



- ↳ PPF can be opened at Post Offices and most Banks
- ↳ Has mandatory locking of 15 Years and can be extended further 5 years at a time
- ↳ Maximum Investment Allowed: Rs 1.5 Lakh per Year (*Budget 2014 increased this limit*)
- ↳ Minimum Investment of Rs 500 required every year to keep the account active
- ↳ Interest Rates paid on PPF are market linked, hence would vary every quarter



Download PPF
Calculator

The Good



- 👍 The interest earned on PPF is Tax Free
- 👍 Highest Safety – backed by Govt. of India
- 👍 Investment can be done online (for most banks)
- 👍 Can take loan against PPF and also do partial withdrawal
- 👍 It cannot be attached by court orders

The Bad

- 👎 Longer Locking period
- 👎 The PPF interest rates are market linked and hence would change every quarter
- 👎 HUFs and NRIs cannot open PPF Account



Check latest &
historical interest rates



- 💡 Investment done till 5th of the month earns interest for the month. So deposit your money before 5th of month
- 💡 PPF can be opened on minors name with either parents as guardian
- 💡 The total investment in your PPF and the minor child PPF account (for whom you are guardian) should not exceed Rs1.5 lakh in a financial year



Sukanya Samriddhi Account (SSA)



- ↳ Sukanya Samriddhi Account is a new scheme by Government to promote all round development of Girl Child
- ↳ Can only be opened for Girl child below 10 years of age (max for 2 girl child by a parent)
- ↳ Deposit to the account to be made for 14 years and account matures at 21 years from date of opening
- ↳ Maximum Investment Allowed: Rs 1.5 Lakh per Year per account
- ↳ Minimum Investment of Rs 250 required every year to keep the account active
- ↳ Interest Rates paid are market linked & is reset every quarter.



Download SSA Calculator

The Good



- 👍 The interest earned on SSA is Tax Free
- 👍 Highest Safety – backed by Govt. of India
- 👍 Investment can be done online
- 👍 50% withdrawal allowed when girl turns 18 for marriage/higher education

The Bad

- 👎 Longer Locking period
- 👎 The SSA interest rates are market linked and hence would change every quarter
- 👎 HUFs and NRIs cannot open SSA Account



- ⚠ Documents Needed – Date of Birth proof for Girl Child, Your Identity and Address Proof
- ⚠ Minimum deposit of Rs 1,000 needs to be made every year else penalty of Rs 50 is levied
- ⚠ Account can be closed before 21 years in case of marriage
- ⚠ Only resident Indians are eligible to open SSA account



Check latest & historical interest rates



NSC (National Saving Certificate)



- ↳ NSC is Tax saving Fixed Deposit Scheme from India Post
- ↳ It is available for 5 years (NSC VIII) – 10 Year NSC has been discontinued from 2016
- ↳ The interest is market linked and changes every quarter.
- ↳ There is no maximum limit for investment in NSC but the deduction is only till maximum of Rs 1.5 Lakh u/s 80C
- ↳ You can buy NSC in denominations of Rs 100, 500, 1000, 5000 and 10000



Check latest & historical interest rates

The Good



- 👍 The interest accrued for NSC qualifies for Sec 80C deduction in subsequent years
- 👍 Highest Safety – backed by Govt. of India
- 👍 NSCs can be kept as collateral security to get loan from banks
- 👍 No Tax deduction at source

The Bad

- 👎 The interest earned is taxable
- 👎 You need to go to post office to invest and redeem. There is still no online investment/ redemption facility
- 👎 Trust and HUF cannot invest



- 💡 NSC is better tax saving option than banks Tax Saving FD (offering similar interest) as interest accrued for NSC qualifies for Sec 80C deduction in subsequent years
- 💡 NSC would now be issued in form of Passbook rather than actual certificates



Tax Saving FD from Banks/ Post Offices

SEC 80C



- ↳ These are like normal Fixed Deposit with banks but is labeled as “Tax Saving FD” while making the deposit
- ↳ Has minimum tenure of 5 Years. Some banks offer special schemes for longer tenures with higher interest rates
- ↳ Some banks offer 0.25% to 0.60% additional interest for Senior Citizens and their employees
- ↳ As of today banks are offering 7% - 8% for general public and additional 0.25% - 0.6% for Senior Citizens

The Good



- 👍 Convenient to invest. Many banks offers online facility for Tax Saving FD
- 👍 Redemption on maturity comes directly to your bank account
- 👍 High Safety - FD up to Rs1 Lakh is insured by RBI

The Bad

- 👎 The interest earned is taxable
- 👎 Cannot be withdrawn prematurely
- 👎 Cannot be pledged to secure loan or as security



Click for Best Tax Saving FD Rates – updated monthly



- 💡 The Post Office Time Deposit Account (which is FD offered by Post Office) of 5 Years maturity also qualifies for 80C deduction.
- 💡 Don't be misled by banks advertisements about their yield on Tax Saving FDs. Those are manipulative calculations
- 💡 Be cautious of small co-operative banks as they have higher risk than bigger private and public sector banks

Senior Citizens Savings Scheme (SCSS)



- As the name suggests, SCSS is for senior citizens who are 60 years or above on the date of opening of the account. Also people with 55 years of age who have retired by VRS can open SCSS after 3 months of retirement
- Minimum Investment: Rs 1,000 while Maximum Investment: Rs 15 Lakhs
- The joint account can be opened only with your spouse. There is no age limit applicable for the joint account holder
- The interest is paid out quarterly
- No partial withdrawal is permitted before 5 years. The account may be extended for a further period of 3 Years

The Good



- The interest is paid quarterly to the saving account, hence can serve as regular income for retired
- Redemption on maturity comes directly to your bank account or through post dated cheques
- Highest Safety – backed by Govt. of India

The Bad

- The interest from SCSS is taxable
- Bank would deduct TDS if the total interest in a year is over Rs 10,000
- NRIs and HUF are not eligible to open an account



Check latest & historical interest rates



- You can open SCSS with Post offices, 19 nationalized bank or ICICI bank
- SCSS account can be closed after 1 Year (with penalty) but in case you have availed Sec 80C benefit, it would be reversed
- If your income is not taxable, you can provide form 15H or 15G so that banks don't cut TDS
- Any retired Defense Services personnel is eligible for SCSS irrespective of his age



Download SCSS Calculator



National Pension Scheme (NPS)



SEC 80CCD(1)

SEC 80CCD(2)

SEC 80CCD(1B)



- ↳ NPS was introduced in April 2009 and has two types of Accounts – Tier 1 and Tier 2
- ↳ Tier 2 account is optional and contribution to Tier 1 account is eligible for Tax Deduction u/s 80CCD
- ↳ Tier 1 account requires a minimum investment of Rs 1,000 annually and Rs 500 per transaction
- ↳ Investment to Tier 2 account is now eligible for Tax deduction u/s 80C for Central Govt Employees only (Budget 2019)
- ↳ Salaried employees can claim deduction up to 10% of your salary, which comprises basic + DA, while for self employed its capped at 20% of gross total income

The Good



- 👍 This is lowest cost Pension plan in the country
- 👍 You can choose your investment profile based on your risk. NPS can invest maximum of 75% in equity.
- 👍 On death the entire amount is paid to the nominee

The Bad

- 👎 NPS is partially taxable at withdrawal
- 👎 The locking is till you are 60 years of age
- 👎 You can withdraw max of 60% at maturity and have to compulsorily buy annuity for min 40% corpus



- ⚡ You should opt for 75% equity investment when young and slowly move to debt as you approach your retirement
- ⚡ 60% lump-sum withdrawal is now tax free (Budget 2019)
- ⚡ Budget 2015 has announced additional tax exemption of Rs 50,000 for investment in NPS u/s 80CCD(1B)
- ⚡ NPS can be opened up to 65 years of age (*changed in November 2017 from 60 years*)



Equity Linked Saving Scheme



- ↳ ELSS is popularly known as Tax Saving Mutual Fund
- ↳ The minimum investment is Rs 500
- ↳ There is no limit for maximum investment but the maximum deduction you get 1.5 Lakhs every year



The Good

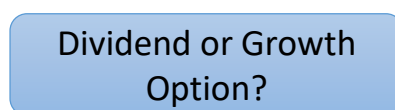
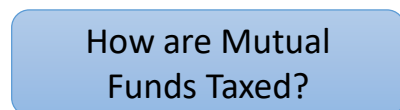
- ✔ Only investment option which can beat inflation
- ✔ Has the shortest locking period of 3 years
- ✔ ELSS can be bought and redeemed online

The Bad

- ✘ The returns are dependent on stock market. So its high risk investment. You might loose money at the end of 3 years



- ✘ Budget 2018 has imposed Long Term Capital Gains/Dividend Distribution Tax of 10% on Equity Mutual Funds
- ✘ Doing SIP (Systematic Investment Plan) in one or two ELSS Fund is the best way to invest
- ✘ Dividend Reinvestment option in ELSS has been discontinued from February 2015
- ✘ Do not overdiversify by investing in multiple mutual funds
- ✘ You should try to invest directly to fund as this would give you 0.5% to 1% higher returns as compared to when you invest through broker





- ↳ The only product you should consider from Life Insurance companies is – Term Plan
- ↳ The sum assured on death should be at least 10 times the annual premium
- ↳ This limit is altered only in special cases of disability (the premium should be 15% or less of sum assured)
- ↳ Buy insurance only if you have dependents! Do not buy insurance to save tax!



How much Insurance?

- ☞ Your life insurance should be adequate to replace your income
- ☞ This roughly turns out to be at least 7 to 10 times your present annual income
- ☞ This might vary widely based on your assets, liabilities and situation




How are Life Insurance Policies Taxed on Surrender & Maturity?





- ✦ Online Term Plans are cheaper than products sold by agents. So if you are comfortable with online purchasing go for it
- ✦ Never hide anything from insurance companies. A wrongly stated fact might deny insurance to your dependents when they need it most
- ✦ PPF along with Term Plans are better products than Endowment Plans. Similarly Mutual Funds with Term plans turn out better option than ULIPs
- ✦ The maturity proceeds of life insurance is tax free u/s 10(10)D, subject to certain conditions

Pension Plans from Insurance Companies

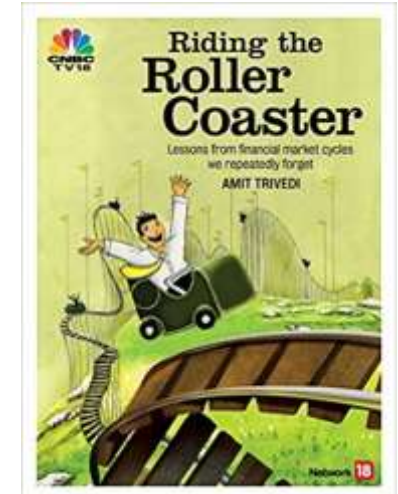
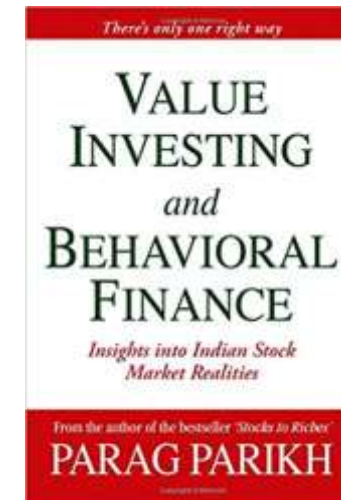
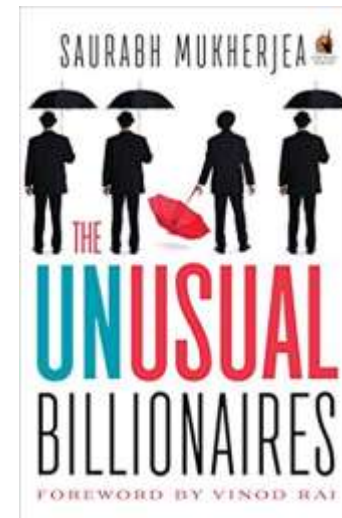
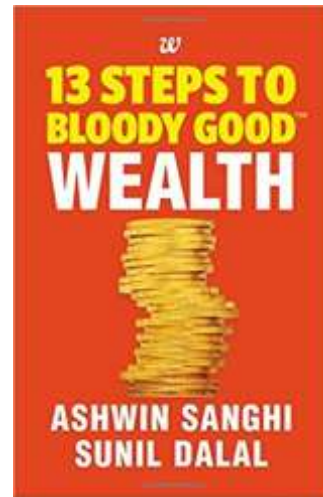
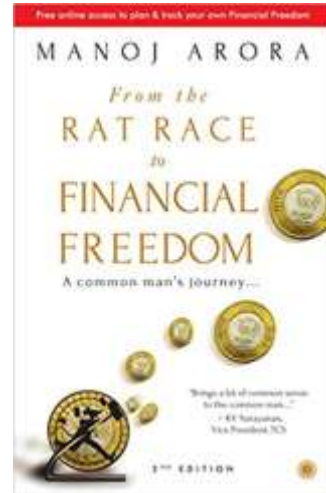
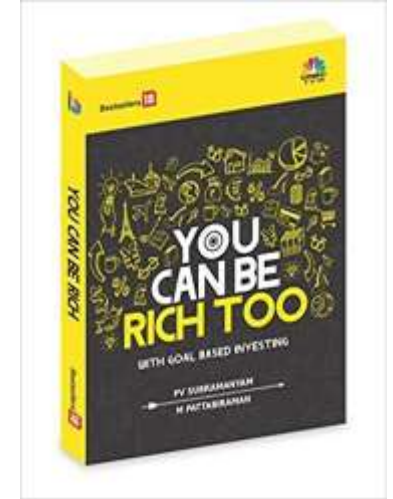
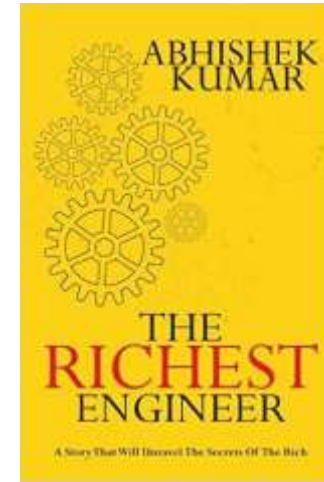
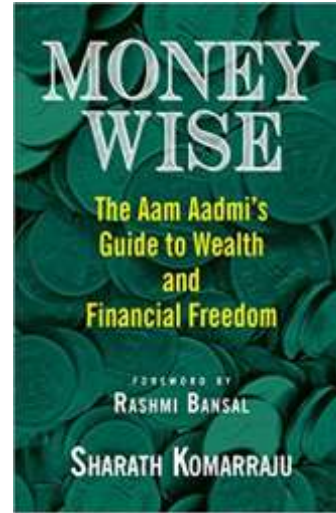
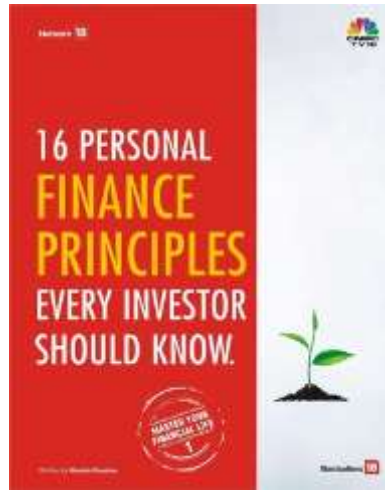
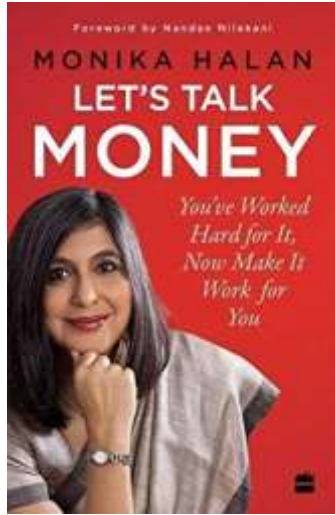
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- ↳ Pension Plans from Insurance Companies Qualify for deduction under Sec 80CCC
 - ↳ There were few launches in Pension Plan space this year from life insurance companies
 - ↳ These are very inefficient products , so you should stay away from these plans
 - ↳ They generally have assured return in the range of 1-2% per annum, which is very low return. Savings accounts pay at least 3.5%

Why you should never buy these Pension Plans?

- 
- ↳ Low Returns: They don't invest in equities, which is must for long term wealth creation
 - ↳ If you want to surrender these, you loose a lot in terms of returns
 - ↳ On surrendering, the tax benefit you claimed earlier, would be reversed and you would need to pay these taxes back
 - ↳ On maturity, you cannot withdraw the entire corpus and have to compulsorily buy Annuity

- 
- QUICK TIP**
- ✦ Don't invest in pension plans just by seeing their emotional advertisements. They are high cost products and would ruin our retirement planning
 - ✦ PPF/ EPF & VPF turns out to be a better plan for retirement even for most risk averse investor
 - ✦ NPS is also good alternative to these Pension plans


Popular Personal Finance Books (Indian Authors)




The above list is not a list of recommendation but a list of Popular Personal Finance Books by Indian Authors available on [Amazon](https://www.amazon.in)

Tuition Fee


SEC 80C

- 
- ↳ The expenses on tuition fees for maximum of two children is eligible for deduction u/s 80C
 - ↳ In case a couple has four children, both can claim tax benefit as both have a separate limit of two children each
 - ↳ The parent who makes the payment gets the tax advantage. If both parents are working and pay taxes, both can claim individually up to the amount of fees paid
 - ↳ The maximum deduction available is Rs 1.5 Lakh
 - ↳ The deduction is available for full time courses only
 - ↳ The deduction is not available for tuition fee to coaching classes or private tuitions
 - ↳ The educational institute should be located in India, though it may be affiliated to any foreign university

- 
- QUICK TIP**
- ✦ The following expenses are not considered as tuition fees – Development Fee, Transport charges, hostel charges, Mess charges, library fees, Late fines, etc
 - ✦ This deduction is not available for tuition fees for self or spouse

Stamp Duty & Registration Charges

SEC 80C

- 
- ✦ Stamp duty and registration charges up to Rs 1.5 Lakh can be claimed for deduction u/s 80C
 - ✦ The payment should have been made in the same financial year for which the tax is being paid. i.e. the deduction cannot be carried forward to next year
 - ✦ The house should be in the name of assessee claiming deduction
 - ✦ The payment for stamp duty should have been made from his own funds
 - ✦ This benefit is available on purchase on new residential unit only

Home Loan: Interest & Principal

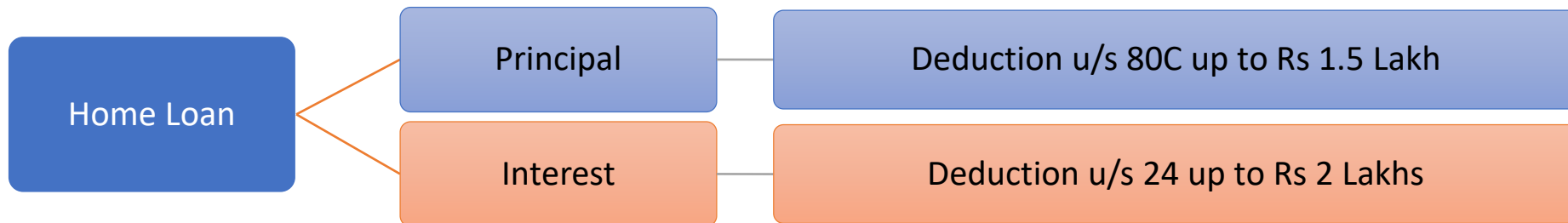
SEC 24

SEC 80C

- ↳ Buying a house is one of the top most priority for most
- ↳ The good news is you get tax deduction on both principal and interest payment on your Housing Loan

Deduction on Principal Payment on Home Loan

- ↳ Deduction up to Rs 1.5 Lakh is allowed on the principal repayment of the housing loan if the house is self occupied or vacant
- ↳ The house should be registered in the name of assessee. (He should be one of the owners, in case of joint ownership)
- ↳ The loan should be taken from Banks, NBFCs or respective employers. Loans taken from friends/ relatives does not qualify for this deduction
- ↳ This deduction is available also to people with multiple properties



QUICK TIP


- ✧ The deduction is only available from the year of possession/ completion of the house
- ✧ All the benefit of tax u/s 80C will reversed if house property is sold with 5 year from purchase of house property


Home Loan: Interest & Principal

SEC 24


SEC 80C

Deduction on Interest Payment on Home Loan

- 
- ↳ Budget 2017 has capped the maximum deduction on “Income/Loss from House” to Rs 2 lakh irrespective of the house being rented or self-occupied or number of houses
 - ↳ Section 24 covers “Loss/Gain from Housing Property”
 - ↳ For Sec 24, all the rent you receive from houses is your income while the interest paid on housing loan is considered as expense
 - ↳ So broadly speaking the (income – expense) subject to certain conditions is added to your income.
 - ↳ In case the interest paid is more than your rental income, the above calculation is negative and hence a deduction to your total income

- 
- QUICK TIP**
- ✧ The deduction is only available from the year of possession/ completion of the house
 - ✧ The Pre-EMI interest you pay before the completion of the house can be claimed as deduction in 5 equal installments starting from year the construction of the house completes
 - ✧ You can claim benefit of both HRA and Home Loan together
 - ✧ In case the Home Loan is taken before April 1, 1999 the deduction on interest is only Rs 30,000
 - ✧ In case the house is not completed within 5 years (enhanced from 3 years in Budget 2016) of start of loan, the interest exemption for self-occupied home is capped at Rs 30,000 only

Home Loan for Affordable Housing: Interest

- 
- ↳ Budget 2019 as introduced additional tax deduction for payment of interest on loan taken for purchase of affordable home
 - ↳ Following are the eligibility conditions:
 - The home loan is taken from approved financial institutions between April 1, 2019 to March 31, 2020
 - The stamp value of house is less than Rs 45 Lakhs
 - The buyer should not have any other house in his name at the time of loan sanction
 - ↳ Total deduction on interest on housing loan would be Rs 3.5 lakh (2 lakh u/s 24 & 1.5 lakh u/s 80EEA)



Auto Loan for Electric Vehicles: Interest

SEC 80EEB



- ↳ Budget 2019 as introduced additional tax deduction for payment of interest on auto loan taken for purchase of electric vehicles
- ↳ Following are the eligibility conditions:
 - The loan should be sanctioned by the financial institution (banks, NBFCs, etc) between April 1, 2019 to March 31, 2023
 - Only the interest part of the loan is eligible for deduction u/s 80EEB
 - The maximum amount of deduction under this section 80EEB in a financial year is Rs 1.5 lakhs



Home Improvement Loan: Interest



- ↳ Deduction up to Rs 30,000 is allowed on the interest payment for loan taken for Home Improvement
- ↳ Home improvement Loan can be taken for furnishing of new home or repairing, painting or refurnishing existing home
- ↳ The above limit is for self-occupied homes only
- ↳ This exemption is with-in the Rs 2 Lakh limit that you can claim for Home Loan interest
- ↳ No deduction is available for the principal portion of the repayment on home improvement loans



- ✦ If the loan for acquisition/construction was taken before April 1, 1999 - then the combined (interest paid on the loan taken for acquisition/construction and the loan taken for repair/renewal) limit for interest deduction stays at Rs.30, 000
- ✦ You can take loan of up to 80% of the cost of valuation of the home improvement work
- ✦ The maximum tenure of home improvement loan can go up to 10- 20 years depending on lending institution
- ✦ The interest rate for home improvement loan is up to 2.5% higher than home loan from the same institution

Section 80D: Medical Insurance



- ↳ Premium paid for Mediclaim/ Health Insurance for Self, Spouse, Children and Parents qualify for deduction u/s 80D
- ↳ You can claim maximum deduction of Rs 25,000 in case you are below 60 years of age and Rs 50,000 above 60 years of age.
- ↳ An additional deduction of Rs 25,000 can be claimed for buying health insurance for your parents (Rs 50,000 in case of either parents being senior citizens)
- ↳ This deduction can be claimed irrespective of parents being dependent on you or not
- ↳ This is not available for buying health insurance for in-laws.
- ↳ HUFs can also claim this deduction for premium paid for insuring the health of any member of the HUF



- ✦ To avail deduction the premium should be paid in any mode other than cash
- ✦ Budget 2013 introduced deduction of Rs 5,000 is also allowed for preventive health checkup for Self, Spouse, dependent Children and Parents. Its continued to this FY too.
- ✦ This Rs 5,000 is within Rs 25,000 limit for Health Insurance



How SWP in Debt Mutual Funds is better than Fixed Deposit for Regular Income?



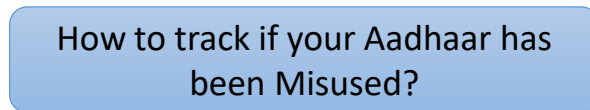
Section 80E: Education Loan



- ↳ The entire interest paid on education loan in a financial year is eligible for deduction u/s 80E
- ↳ There is no deduction on principal paid for the Education Loan
- ↳ The loan should be for education of self, spouse or children only
- ↳ The loan should be taken for pursuing full time courses only
- ↳ The loan has to be taken necessarily from approved charitable trust or a financial institution only



- ✦ The deduction is applicable for the year you start paying your interest and seven more years immediately after the initial year.
- ✦ So in all you can claim education loan deduction for maximum eight years.



Need help with Income Tax Return for AY 2019-20?

[Most Important Changes in ITR Forms](#)

[Which is the right ITR Form to use?](#)

[Calculate your Tax liability for FY 2018-19 \(AY 2019-20\)](#)

[How to Claim Tax Exemptions while filing ITR?](#)

[Form 26AS – Verify Before Filing Tax Return](#)

[Use Challan 280 to Pay Self Assessment Tax Online](#)

[5 Ways to e-Verify your Income Tax Returns](#)

Section 80DDB: Treatment of Certain Diseases

SEC 80DDB



- ↳ Cost incurred for treatment of certain disease for self and dependents gets deduction for Income tax.
- ↳ For senior citizens the deduction amount is up to Rs 1,00,000 and for all others its Rs 40,000
- ↳ Dependent can be parents, spouse, children or siblings. They should be wholly dependent on you.

Diseases Covered

Neurological Diseases

Parkinson's Disease

Malignant Cancers

AIDS

Chronic Renal failure

Hemophilia

Thalassaemia



QUICK TIP

- ✦ A certificate from specialist from Government Hospital would be required as proof for the ailment and the treatment
- ✦ In case the expenses have been reimbursed by the insurance companies or your employer, this deduction cannot be claimed.
- ✦ In case of partial reimbursement, the balance amount can be claimed as deduction

Section 80U: Physically Disabled Assesse

SEC 80U



- ↳ Tax Payer can claim deduction u/s 80U in case he suffers from certain disabilities or diseases.
- ↳ The deduction is Rs 75,000 in case of normal disability (40% or more disability) and Rs 1.25 Lakh for severe disability (80% or more disability)

Disabilities Covered

Blindness and Vision problems

Leprosy-cured

Hearing impairment

Locomotor disability

Mental retardation or illness

Autism

Cerebral Palsy




QUICK TIP

- ⚡ A certificate from neurologist or Civil Surgeon or Chief Medical Officer of Government Hospital would be required as proof for the ailment.

Section 80DD: Handicapped Dependents

SEC 80DD

- 
- ✦ In case you have dependent who is differently abled, you can claim deduction for expenses on his maintenance and medical treatment
 - ✦ You can claim up to Rs 75,000 or actual expenditure incurred, which ever is lesser. (The limit is Rs 1.25 Lakh for severe conditions)
 - ✦ Dependent can be parents, spouse, children or siblings. The dependent should not have claimed any deduction for self

40% or more of following Disability is considered for purpose of tax exemption

Blindness and Vision problems

Leprosy-cured

Hearing impairment

Locomotor disability


Mental retardation or illness

Deductions are permissible in either of the following cases

Costs incurred for medical treatment, training or rehabilitation of a disabled dependent, including amount spent for nursing

Amount paid towards an insurance scheme for the maintenance of your disabled dependent in case of your untimely death

QUICK TIP

- 
- ✦ A severe disability condition is 80% or more of the disabilities
 - ✦ Individuals would need disability certificate issued by state or central government medical board to claim deduction
 - ✦ The life insurance policy should be on the tax payer name, with the disabled person as the beneficiary.
 - ✦ In case the disabled dependent expires before you, the policy amount is returned back and treated as income for the year and is fully taxable.

Donation to Approved Charitable Organizations

SEC 80G



- ↳ The government encourages us to donate to Charitable Organizations by providing tax deduction for the same u/s 80G
- ↳ Some donations are exempted for 100% of the amount donated while for others its 50% of the donated amount
- ↳ Also for most donations, the maximum exemption you can claim is limited to 10% of your gross annual income

How to Claim Sec 80G Deduction?



- ↳ A signed & stamped receipt issued by the Charitable Institution for your donation is must
- ↳ The receipt should have the registration number issued by Income Tax Dept printed on it
- ↳ Your name on the receipt should match with that on PAN Number
- ↳ Also the amount donated should be mentioned both in number and words




- ✦ Only donations made to approved organizations and institutions qualify for deduction
- ✦ Only donations made in cash or cheque are eligible for deduction. Donations in kind like giving clothes, food, etc is not covered for tax exemption

Donation to Political Parties/ Scientific Research


Section 80GGA – Donation for Scientific Research

SEC 80GGA

- 
- ↳ 100% tax deduction is allowed for donation to the following for scientific research u/s 80GGC
 - To a scientific research association or University, college or other institution for undertaking of scientific research
 - To a University, college or other institution to be used for research in social science or statistical research
 - To an association or institution, undertaking of any programme of rural development
 - 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
 - To the National Urban Poverty Eradication Fund set up

Section 80GGC – Donation to Political Parties

SEC 80GGC

- 
- ↳ 100% tax deduction is allowed for donation to a political party registered under section 29A of the Representation of the People Act, 1951 u/s 80GGC
 - ↳ Donations made in cash or kind is not for tax exempt

Interest on Saving Account



SEC 80TTA

- ↳ Budget 2012 introduced a new Section 80TTA, which allows deduction of Rs 10,000 on interest earned on saving bank account
- ↳ This benefit is continued for FY 2019-20



SEC 80TTB

- ↳ Budget 2018 introduced a new Section 80TTB, which allows deduction of up to Rs 50,000 on interest income for Senior Citizens only
- ↳ TDS limit on interest income has been increased from Rs 10,000 to Rs 50,000 in case of Senior Citizens
- ↳ Taxpayers who take benefit of Section 80TTB cannot get benefit of 80TTA

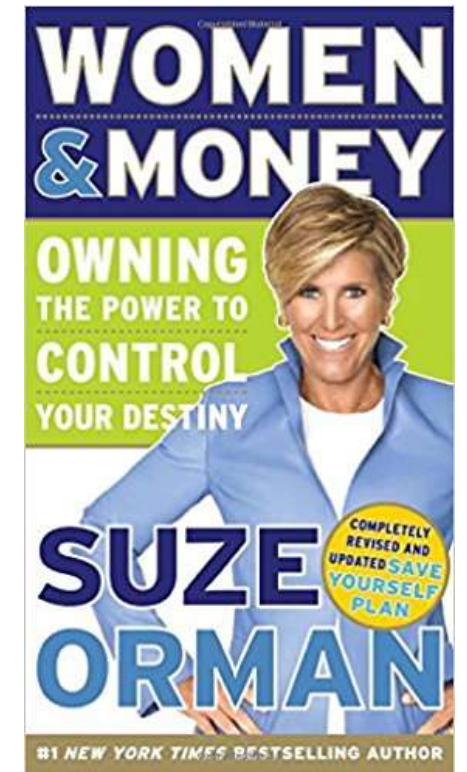
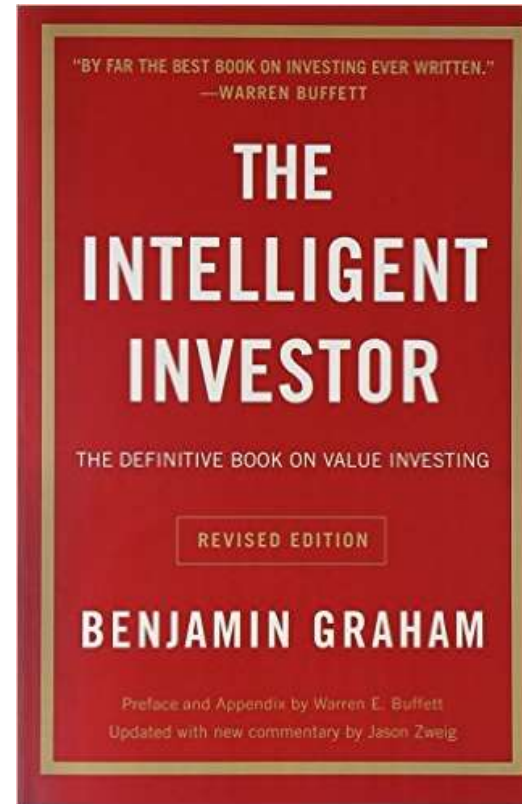
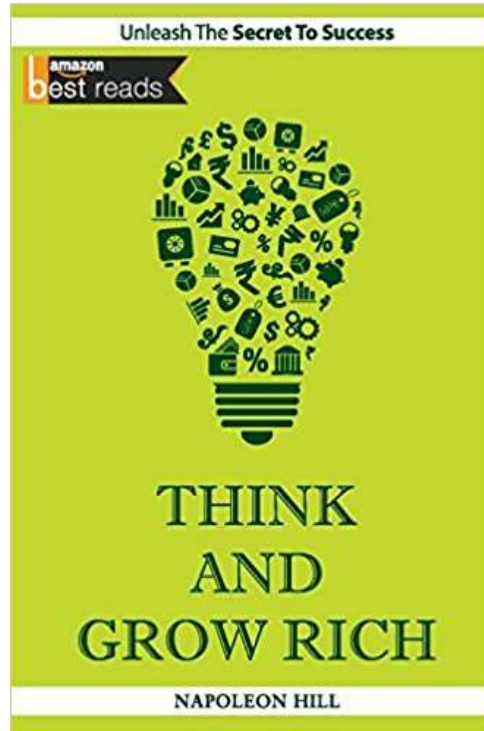
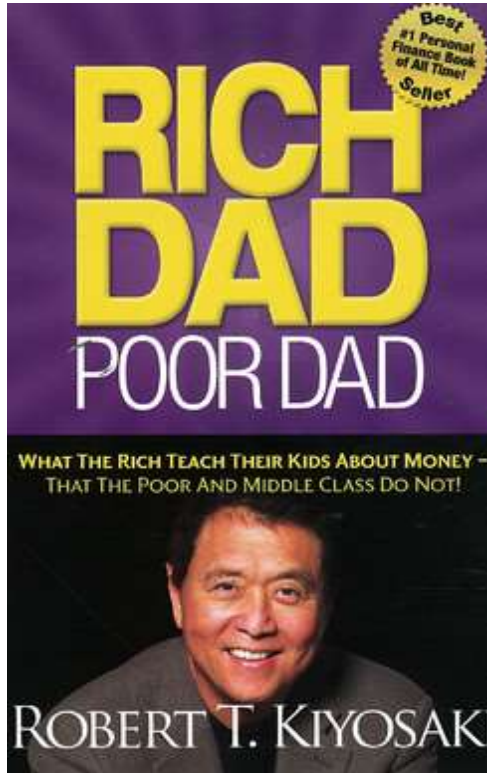


LEARN MORE
CLICK HERE FOR MORE INFO



Which bank offers Highest Interest Rate on Savings Account?


Popular Personal Finance Books (Foreign Authors)




The above list is not a list of recommendation but a list of Popular Personal Finance Books globally on Amazon

House Rent in case HRA is not part of Salary

SEC 80GG

- 
- ✦ In case, you do not receive HRA (House Rent Allowance) as a salary component, you can still claim house rent deduction u/s 80GG
 - ✦ Tax Payer may be either salaried/pensioner or self-employed
 - ✦ To avail this you need to satisfy the following conditions:
 - The rent paid should be more than 10% of the income
 - No one in the family including spouse, minor children or self should own a house in the city you are living
 - If you own a house in different city, you have to consider rental income on the same

- 
- QUICK TIP**
- ✦ The House Rent deduction is lower of the 3 numbers:
 - Rs. 5,000 per month [changed from Rs 2,000 to Rs 5,000 in Budget 2016]
 - 25% of annual income
 - (Rent Paid - 10% of Annual Income)
 - ✦ You need to fill [form no 10BA](#) along with the tax return form

[LEARN MORE](#)
CLICK HERE FOR MORE INFO

Tax on Salary Components



- ↳ Your salary has multiple components
- ↳ Some of them are fully taxable while others are partially taxable or tax free

Partially Taxable/ Tax Free

- 👍 Standard Deduction of Rs 40,000
- 👍 Leave Travel Allowance (LTA)
- 👍 Vehicle Maintenance
- 👍 House Rent Allowance (HRA)
- 👍 Uniform Allowance – Amount up to Rs 24,000 per annum is tax free
- 👍 Children Education Allowance (Rs.100/ month per Child (Rs.300 for Hostel Expenditure) Max for 2 Children)
- 👍 Newspaper/Journal Allowance – Amount up to Rs 12,000 per annum is tax free
- 👍 Telephone Allowance
- 👍 Meal Coupons


Fully Taxable

- 👎 Basic Salary
- 👎 Dearness Allowance (DA)
- 👎 Special Allowance
- 👎 Band Pay
- 👎 Bonus
- 👎 Over time
- 👎 Arrears
- 👎 Personal Pay
- 👎 Food Allowance
- 👎 Furniture Allowance
- 👎 Shift Allowance

Partially Taxable Salary Components

House Rent Allowance



- 📌 The HRA that can be claimed for tax exemption is minimum of
 - Actual HRA Received or
 - 40% (50% for metros) of Basic + Dearness Allowance or
 - Rent paid (-) 10% of (Basic + Dearness Allowance)
- 📌 If the annual rent paid is more than Rs 1 Lakh, you need to give PAN Card number of landlord to your employer
- 📌 You can claim benefit of both HRA and Home Loan together 

Company Car/ Car Maintenance Allowance

- 📌 If the company provides you a car for personal and official purposes and reimburses the fuel, insurance, maintenance and driver's salary the taxable value shall be:
 - in case the car is less than equal to 1600 CC – Rs 1,800 per month
 - in case the car is greater than 1600 CC – Rs 2,400 per month
 - Also Rs 900 per month in case company provides driver
- 📌 In case the car is owned by you, the reimbursement of running and maintenance cost up to
 - Rs 1,800 per month (for car less than 1600CC) and
 - Rs 2,400 per month (for car greater than 1600CC)
 - along with Rs 900 for driver salary is tax free



Company owned car is more beneficial in most cases

Partially Taxable Salary Components



Meal Coupons

- ↳ Meal Coupons like Sodexo or Ticket are tax free subject to Rs 50 per meal
- ↳ So assuming 22 days working month and 2 meals a day, meal coupon up to Rs 2,200 per month are tax free
- ↳ Annually this amount comes to Rs 26,400



Mobile Phone and Internet Bill Reimbursement

- ↳ The reimbursement of mobile and internet bills used for company purpose is tax free
- ↳ There is no limit on the amount of reimbursement and is fixed by company depending on work profile



Leave Travel Allowance (LTA)

- ↳ You can claim LTA twice for two domestic trips with family in block of four years. The present block is 2018 - 2021
- ↳ The meaning of 'family' for the purposes of exemption includes spouse and children and parents, brothers and sisters who are wholly or mainly dependent on you
- ↳ There is no maximum limit of LTA and is decided by employer
- ↳ Only expenses incurred in travelling is covered. You cannot claim hotel stay and food bills

About the Author



- 🔗 This deck has been authored by Amit Kumar, the brain behind Apnaplan.com, a leading personal finance blog in India
- 🔗 Amit is MBA from NITIE, Mumbai and BIT from Delhi University
- 🔗 working with one of the world's leading Credit Card Company



- 🔗 **Apnaplan.com is leading personal finance blog in India**
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