

Income Tax Saving Options Available:

The government of India has provided concessions for reducing income tax under certain conditions. This involves primarily savings, donation and insurance. Shri Subhash Lakhotia from Pune informed through local daily Sakal about the facilities available to Indian citizens. The basic provisions are under 80 C, 80 CCF, 80 E, 80 G, 80 GG and 80DD. The details are given as under:-

- 1) 80C: under this following savings get exemption up to total of Rs. 1.0 Lakhs. This means that if sum of all savings exceeds Rs. 1.0 Lakhs it is limited to 1.0 Lakhs. Various options available are listed below:-
 - a) Tax Saving Fixed Deposits in Banks.
 - b) Tax Saving Mutual Funds (ELSS).
 - c) Provident Fund say PPF.
 - d) National Savings Certificates (NSC).
 - e) Investment in pension Plans.
 - f) Payments towards principal repayment of housing loans. (Includes any registration fee or stamp duty paid).
 - g) Payments towards tuition fees for children to any school or college or university or similar institution. (Only for 2 children) or towards coaching fee of various competitive exams.
 - h) Post office investments.
 - i) Life Insurance Premium.
- 2) 80 CCF (Infrastructure Bonds): This deduction is available to individual and Hindu undivided family tax payers. These bonds time limit varies from 5 to 10 years and the interest earned is over 8% per annum. 100% tax deduction up to investment of Rs. 20000.00 only is permissible.
- 3) 80 D (Medical Insurance): Under this maximum up to Rs. 15000.00 for a tax payer (medical insurance for self, spouse, and children) can be deducted from taxable income. Addition premium up to 20000.00 also can be deducted for parents, provided they are senior citizens.
- 4) 80 E (for Higher Education): Wherever loan is taken for higher studies for self, spouse, and dependent children from banks, financing company or employer, interest paid is not taxable irrespective of the amount of interest. This concession is only for interest part and not for the basic loan amount.
- 5) 80 G (Donation): All donations to charitable trust up to limit of Rs. 10% of income are income tax free. Donations given to funds like National Defence Fund, Prime Minister's National Relief Fund, and National Children Fund do not have percentage limit of income. This means one can donate 50% of income for such funds and get rebate for entire amount donated.
- 6) 80 GG (House Rent): Those individual tax payers (both businessman and employee) do not possess a house and do not get free accommodation from employer are allowed to deduct actual rent paid from the income.
- 7) 80 GG (Repayment of house Loan): Deduction of interest amount up to Rs. 150000.00 is deductible from the income.
- 8) 80 DD: (Medical Expenditure): Expenditure on medical treatment for specific ailments for self and dependents is authorised for saving tax. In case of medically unfit dependent this concession is allowed for all ailments.

Source: Daily Sakal dated 13 March 2011 and

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