

## 11 Tips for saving Income tax

### 1. LIC premium, PF, PPF, Pension Scheme

Under Section 80 C of Income Tax, a deduction of Rs. 1,50,000 can be claimed from Total Taxable Income. For instance, if an assessee has taken a LIC policy, then assessee can claim its premium as deduction from total income. Also, assessee can get tax exemption under section 80C on the principal of Provident Fund, PPF, children's School Tuition Fee, National Savings Certificate, Home Loan. If assessee has purchased an Annuity Plan (Pension Plan) of LIC or any other insurance company under section 80CCC, then tax exemption can be claimed. Also, if assessee has bought a pension scheme of the Central Government under section 80 CCD (1) (Employee's Contribution towards Pension), then deduction can be claimed on it. Remember that maximum Rs. 1.5 lakh can be claimed for the whole Financial Year.

### 2. Claim on Principal Amount of Home Loan

Under section 80 C deduction on the principal payment of the home loan can be claimed. However, this limit cannot exceed 1.5 lakhs. So, if the deductions other than the principal payment of home loan under section 80 C are less than 1.5 lakhs, then tax deduction can be claimed by meeting this limit from the principal amount of the home loan.

### 3. Tax Deduction on Home Loan Interest

According to Income Tax rules, under section 24(b) one can get tax exemption on interest payment up to Rs. 2 lakhs only. This tax exemption will be available only if the property is 'self-occupied'.

### 4. Central Government Pension Scheme

Section 80 CCD (1B) deals with the deduction to individuals contributing to National Pension Scheme (NPS). If an assessee invests in the National Payment System (NPS), then an additional exemption (over and above Rs. 1,50,000 under section 80C) of Rs 50,000 under section 80 CCD (1B) can be claimed while filing Income Returns.

The contribution made by the employer to the pension scheme of the Central Government can be claimed under section 80 CCD(2) under certain conditions. First, if the employer is a Public Sector Unit (PSU), State Government or any other, the deduction limit is 10% of the salary. If the employer is the Central Government, then the deduction up to 14% of the salary can be claimed.

### 5. Health Insurance Premium

The amount (premium) paid to purchase or to keep in force an Insurance on health or any payment with regards to health check-up of the self, spouse, children and parents (under 60 years of age) can be claimed as deduction under section 80 D up to Rs. 25,000 during the Financial Year.

Further, any payment with regards to health check-up of the self, spouse, children and parents an additional deduction of Rs. 5000 can be claimed under the section 80 D over Rs. 25,000 (i.e., Rs. 30,000 as a whole).

In case parents are senior citizens (above 60 years of age), then Rs. 50,000 can be claimed as deduction under section 80 D plus Rs. 5000 is also available for health check-up.

#### **6. Medical and maintenance expenses of disabled dependents**

If an assessee incurred expenses on medical maintenance and treatment of disabled dependents, deduction on such expenses can be claimed up to Rs. 75,000 in a year. Further if the dependent person has a disability of 80% or more, the deduction limit rises up to Rs. 1,25,000 for the expenses on medical treatment

#### **7. Tax exemption on payment of medical treatment**

A deduction of up to Rs 40,000 paid for treatment of specific illness of self or a dependent can be claimed under section 80 DD (1B) of Income Tax.

If the person is a senior citizen, then this limit increases to Rs 1 lakh for the year.

#### **8. Tax Exemption on Education Loan Interest**

Any amount paid by an individual in the whole year by way of interest of on loan taken by him from any financial institution or approved charitable institution for the purpose of higher education can be claimed fully to the extent of interest paid during the year under section 80 E. Such benefit is available for the next 7 years.

#### **9. Loan Against Electric Vehicle**

Under Section 80EEB of Income Tax, on loan taken to buy an electric vehicle, deduction can be availed of up to Rs 1.5 lakhs on the interest paid.

However, this tax exemption will be available only on loans taken between April 1, 2019 to March 31, 2023.

#### **10. House Rent Allowance**

If HRA is not a part of the salary, one can claim house rent paid under section 80GG. If HRA is a part of the salary, deduction under section 80 GG cannot be availed.

#### **11. Donations to Certain Funds, charitable institutions, etc.**

Under section 80 G, an assessee can claim deduction either wholly on the amount donated or 50% of the amount donated depending on the nature of the fund or the institution.