

TAXBOOK⁺

Working steps of solutions

B1 to B10

Deductions from GTI

Build Your Confidence (BYC)

DEDUCTION FOR INVESTMENTS

B1. 80C - LIP – Reuben has paid the following premiums in respect of life insurance policy during the PY 2021-22.....

Computation of deduction u/s 80C

Insured	Date of issue of policy	Actual sum assured	Premium paid	Premium limit u/s 80C	Deduction u/s 80C
Self	31.3.2003	1,50,000	12,500	20%	12,500
Spouse	1.4.2012	2,00,000	22,000	10%	20,000
Son (25 years) (premium paid on 1.4.2022): No deduction u/s 80C as not paid during PY 2021-22	31.3.2013	2,50,000	30,000	10%	-
Daughter (17 years; suffering from disease u/s 80DDB)	20.6.2019	3,00,000	40,000	15%	40,000
Mother: No deduction u/s 80C	1.4.2001	1,30,000	10,000	15%	-
					72,500

B2. 80C – Compute the total income of Mr. Q for AY 2022-23 from the following particulars.....

Computation of total income for AY 2022-23

Particulars	Rs.
Income from salary (computed)	2,50,000
Income from house property (computed)	1,00,000
Gross total income	3,50,000
Less: Deduction u/s 80C (Note)	(1,50,000)
Total income	2,00,000

Note: Computation of deduction u/s 80C

Particulars	Rs.
Life insurance premium paid on life of sister (policy issued on 14.5.2019 for sum assured of Rs. 5 lakh): Not eligible u/s 80C	-
Life insurance premium paid on life of son suffering from 80U disability (policy issued on 10.1.2018 for sum assured of Rs. 2 lakh): Premium deductible up to 15% of actual sum assured	25,000
Own contribution to recognized provident fund @ 12% of basic salary of Rs. 10,000 p.m. Employer made a matching contribution: Own contribution deductible u/s 80C; employer's contribution is considered while computing income from salary and is exempt up to 12% of salary.	14,400
Deposit in PPF account of brother: Not eligible u/s 80C	-
Deposit in Sukanya Samriddhi Account in the name of daughter (interest credited for the year was Rs. 30,000): Deposit eligible u/s 80C. Interest is exempt u/s 10(11A).	15,000
Purchase of NSC IX issue certificates: Eligible u/s 80C	15,000
Deposit in National Housing Bank (Tax Saving) Term Deposit Scheme, 2008: Eligible u/s 80C	8,000
Tuition fee to BCD college, Delhi, for part time education of son: Not eligible u/s 80C for part-time education	-
Tuition fee to JK School, Delhi, for full time education of daughter (includes development fee of Rs. 30,000): Development fee not eligible u/s 80C	18,000

Repayment of loan taken from Bank of India for purchase of house property on 15.6.2020 (includes interest of Rs. 1,20,000): Repayment of loan eligible u/s 80C; interest taken into account u/s 24(b) in computing IHP	30,000
Repayment of loan taken from SBI for repair of above said house property during the year (includes interest of Rs. 35,000): Repayment of loan for repair not eligible u/s 80C; interest taken into account u/s 24(b) in computing IHP	-
Fixed deposit with Canara Bank for 18 months: Not eligible u/s 80C as term less than 5 years	-
Notified bonds of NABARD: Eligible u/s 80C	20,000
Deposit in 5 year Post Office Time Deposit: Eligible u/s 80C	15,000
Deposit in Post Office Savings Account: Not eligible u/s 80C	-
Eligible amount u/s 80C	1,60,400
Deduction u/s 80C limited to Rs. 1,50,000	1,50,000

B3. 80C – LIP/PF – Sajjan has made the following payments during the PY 2021-22. Compute the amount of deduction.....

Computation of deduction u/s 80C for AY 2022-23

Particulars	Rs.
Deposit in own PPF Account	1,50,000
Deposit in PPF Account of his wife	20,000
Life insurance premium on policy on life of wife (deduction up to 10% of sum assured)	15,000
	1,85,000
Deduction u/s 80C (up to Rs. 1,50,000)	1,50,000

B4. 80CCD, 80CCE – Compute the total income of Mr. Z for AY 2022-23 from the following particulars.....

Computation of total income of Mr. Z for AY 2022-23

Particulars	A	B	C
Income from salary			
• Basic salary	2,40,000	2,40,000	-
• Dearness allowance	2,40,000	2,40,000	-
• Commission	60,000	60,000	-
• Employer's contribution to NPS	48,000	48,000	-
• Employer's contribution to RPF in excess of 12% of 4,20,000 (@ 20,000 basic + 15,000 DA forming part of salary), i.e., 50,400 = 57,600 – 50,400	7,200	7,200	-
• Gross salary income	5,95,200	5,95,200	-
• Less: Standard deduction u/s 16(ia)	(50,000)	(50,000)	-
Income under the head 'Salaries'	5,45,200	5,45,200	-
Income from house property (computed)	5,00,000	5,00,000	5,00,000
Gross total income	10,45,200	10,45,200	5,00,000
Less: Deduction under chapter VIA (Note)			
• Deduction u/s 80C, 80CCC and 80CCD(1) (up to Rs. 1,50,000 u/s 80CCE)	(1,44,600)	(1,50,000)	(1,50,000)
• Deduction u/s 80CCD(1B)	(50,000)	(50,000)	(50,000)
• Deduction u/s 80CCD(2)	(48,000)	(42,000)	-
Total income	8,02,600	8,03,200	3,00,000

Note:

Particulars	A	B	C
Salary for the purpose of section 80CCD = Basic + DA(T) + C(TO)			
• Basic salary	2,40,000	2,40,000	-
• Dearness allowance forming part of pay @ 75%	1,80,000	1,80,000	-
• Commission: Not taken as not based on fixed % of turnover	-	-	-
	4,20,000	4,20,000	-
Deduction u/s 80CCD:			
• Deduction u/s 80CCD(1B) for own contribution: Up to Rs. 50,000	50,000	50,000	50,000
• Deduction u/s 80CCD(1) for own contribution (excluding contribution considered u/s 80CCD(1B)):	42,000	35,000	1,00,000
○ A: 50,000 (1,00,000 – 50,000); up to 42,000 (10% of 80CCD-Salary)			
○ B: 35,000 (85,000 – 50,000); up to 42,000 (10% of 80CCD-Salary)			
○ C: 1,15,000 (1,65,000 – 50,000); up to 1,00,000 (20% of GTI)			
• Deduction u/s 80CCD(2) for employer's contribution: Up to 10% of 80CCD-Salary (14%	48,000	42,000	-

for Central Government employer) :: A: Up to 58,800; B: Up to 42,000			
Deduction u/s 80C: Up to Rs. 1,50,000. For own contribution to RPF	57,600	57,600	-
Deduction u/s 80CCC: Up to Rs. 1,50,000. For deposit in pension fund of LIC	45,000	60,000	1,50,000

B5. 80CCE – Compute the amount of deduction available under Chapter VIA to Mr. J for AY 2022-23 from the following.....

Computation of deduction under Chapter VIA for AY 2022-23

Particulars	Computation	Eligible	Overall
Deduction u/s 80C:	-	-	-
• Deposit in PPF Account of wife	1,00,000		
• Tuition fee paid to Modern School for education of daughter	50,000		
• Repayment of loan for purchase of house property taken from ICICI Bank	30,000		
• Deduction u/s 80C limited to Rs. 1,50,000	1,80,000	1,50,000	
Deduction u/s 80CCC:			
• Contribution to approved pension fund of LIC		1,00,000	
Deduction u/s 80CCD:			
• 80CCD(1B): up to Rs. 50,000			50,000
• 80CCD(1) (excluding contribution considered u/s 80CCD(1B)): up to Rs. 60,000 (10% of salary)		50,000	
• 80CCD(2): up to Rs. 60,000 (10% of salary)			60,000
Deduction u/s 80C, 80CCC and 80CCD(1)		3,00,000	
• Limited to Rs. 1,50,000 u/s 80CCE			1,50,000
Total deduction under Chapter VIA			2,60,000

B6. 80CCD - CA2014(N) – Determine the eligibility and quantum of deduction under Chapter VIA in case of contribution.....

Deduction u/s 80CCD(2) if employer is Central Government = Employer's contribution up to 42,000, i.e., 14% of salary (basic + DA if terms of employment provide) = Rs. 40,000.

Deduction u/s 80CCD(2) if employer is not Central Government = Employer's contribution up to 30,000, i.e., 10% of salary (basic + DA if terms of employment provide) = Rs. 30,000.

It is assumed that dearness allowance is provided for under the terms of employment.

Deduction u/s 80CCD(2) is not subject to limit of Rs. 1,50,000 u/s 80CCE.

B7. 80CCD - CA2017(N) – Mr. Srivastava, aged 40 years, a salaried employee of Nirja Ltd. was contributing to National.....

U/s 10(12A), 60% is exempt (Rs. 1,20,000) and the balance is taxable (Rs. 80,000) under the head 'Income from other sources'. However, this amount will not be taxable if the assessee uses the amount to purchase an annuity plan in the PY 2021-22 itself.

DEDUCTION FOR HEALTH & WELLNESS

B8. 80D – Compute the deduction allowable u/s 80D to Sukesh, aged 35 years, for the AY 2022-23 from the following.....

Computation of deduction allowable u/s 80D to Sukesh for the AY 2022-23

Particulars	Rs.	Rs.
Payments made for self, spouse, dependent children:		
Health insurance premium for self	10,000	
Health insurance premium for spouse (not dependent)	8,000	
Health insurance premium for minor son (dependent)	2,000	
Health insurance premium for major son (not dependent) – not covered as not dependent	-	
Health insurance premium for younger brother (dependent) – brother not covered	-	
Contribution to Central Government Health Scheme	4,000	

Preventive health check for self and spouse; paid by cash (up to Rs. 5,000)	5,000	
Deduction u/s 80D to the extent of Rs. 25,000	29,000	25,000
Payments made for parents		
Health insurance premium for mother, aged 58 years (not dependent)	30,000	
Health insurance premium for father, turned 60 years on 1.3.2022 (not dependent)	20,000	
Medical expenditure for grandfather, aged 90 years (dependent); he does not have any medical insurance policy – grandfather not covered	-	
Medical expenditure for father – not covered since health insurance premium paid for him	-	
	50,000	
Deduction to the extent of Rs. 25,000	25,000	
Additional deduction of Rs. 20,000 for father since he is a senior citizen	20,000	45,000
Total deduction u/s 80D		70,000

B9. 80D – Compute the deduction allowable u/s 80D to Shailesh, aged 35 years, for the AY 2022-23 from the following....

Computation of deduction allowable u/s 80D to Shailesh for the AY 2022-23

Particulars	Rs.	Rs.
Payments made for self and spouse:		
Medical insurance premium to insure the health of self and his spouse	20,000	
Contribution to CGHS	4,000	
Preventive health check up of self and spouse (paid in cash) (restrict to Rs. 1,000 since total deduction u/s 80D cannot exceed Rs. 25,000)	1,000	
Deduction u/s 80D to the extent of Rs. 25,000	25,000	25,000
Payments made for father who is a senior citizen (assuming he is resident)		
Medical insurance premium to insure the health of his father, aged 65 years, not dependent on him	48,500	
Preventive health check up of father (paid by cheque) (available up to 4,000 (5,000 overall limit – 1,000 applied for self/spouse) but restrict to Rs. 1,500 since total deduction u/s 80D cannot exceed Rs. 50,000)	1,500	
Deduction u/s 80D to the extent of Rs. 50,000	50,000	50,000
Total deduction u/s 80D		75,000

Note: Overall deduction of Rs. 5,000 for preventive health check-up has been attributed to self/spouse and father in a manner so as to maximize the overall deduction u/s 80D.

B10. 80D – Compute the deduction allowable u/s 80D to Shailesh, aged 45 years, for the AY 2022-23 from the following....

Computation of deduction allowable u/s 80D to Shailesh for the AY 2022-23

Particulars	Rs.	Rs.
Payments made for self, spouse and dependent children:		
Medical insurance premium to insure the health of self, spouse and dependent children	24,000	
Contribution to CGHS during the year	10,000	
Deduction u/s 80D to the extent of Rs. 25,000	34,000	25,000
Payments made for parents, being senior citizens (assuming they are resident)		
Medical insurance premium to insure the health of mother, age 70 years, not dependent on him	35,000	
Medical expenditure on father, aged 72 years and not dependent on him, not covered under health insurance policy	22,000	
Deduction u/s 80D to the extent of Rs. 50,000	57,000	50,000
Total deduction u/s 80D		75,000