

# Income Tax Deductions List FY 2019-20 | List of important Income Tax Exemptions for AY 2020-21

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 [relakhs.com/income-tax-deductions-list-fy-2019-20/](https://relakhs.com/income-tax-deductions-list-fy-2019-20/)

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Comments

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Interim-Budget 2019-20 & the Finance Bill 2019 have been tabled in Parliament. The [Income Tax Slab rates](#) have been kept unchanged by the Finance Minister for the Financial Year 2019-20 (*Assessment Year 2020-2021*).

Tax planning is an important part of a financial plan. Whether you are a salaried individual, a professional or a businessman, you can save taxes to certain extent through proper tax planning.

The Indian Income Tax act allows for certain Tax Deductions / Tax Exemptions which can be claimed to save tax. You can subtract tax deductions from your Gross Income and your taxable income gets reduced to that extent.

In this post, let us go through the **Income Tax Deductions List FY 2019-20, best ways to save taxes and best tax saving options for FY 2019-20 / AY 2020-21**. I hope you find this list useful and helps in planning your taxes well in advance.

## **Income Tax Deductions List FY 2019-20 / AY 2020-21 (*Chapter VI-A deductions list*)**

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**Income Tax Deductions list :**

**FY 2019-20  
(or)  
AY 2020-21**

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<b>Section 80C</b> Limit : Rs 1.5 Lakh	<b>Section 80D</b> Limit : Rs 25k/50k	<b>Section 24B*</b> Limit : Rs 2 Lakh (Self-occupied or Let-out Property)
<b>Revised Section 87A</b> Limit : Rs 12,500	<b>Standard Deduction<sup>^</sup></b> Limit : Rs 50,000	<b>Section 80E</b> Limit : not applicable
<b>Section 80CCD (1b)</b> Limit : Rs 50,000	<b>Section 80GG</b> Limit : Rs 60,000	<b>Section 80TTB</b> Limit : Rs 50,000

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\* Loss under the Head 'Income from House Property' is limited to Rs 2 Lakh only. No Notional rent on second Self-occupied Property  
<sup>^</sup> Standard Deduction for Salaried/Pensioners only

Income Tax Deductions List | IT Exemptions List | FY 2019-20 / AY 2020-21

## **Section 80c**

The maximum tax exemption limit under Section 80C has been retained as Rs 1.5 Lakh only. The various investment avenues or expenses that can be claimed as tax deductions under section 80c are as below;

- PPF (*Public Provident Fund*)
- EPF (*Employees' Provident Fund*)
- Five year Bank or Post office Tax saving Deposits
- NSC (*National Savings Certificates*)
- ELSS Mutual Funds (*Equity Linked Saving Schemes*)
- Kid's Tuition Fees
- SCSS (*Post office Senior Citizen Savings Scheme*)
- Principal repayment of Home Loan
- NPS (*National Pension System*)

Income Tax benefits are currently available on Tier-1 deposits only (*FY 2018-19*). The contributions by the government employees (only) under Tier-II of NPS will also be covered under Section 80C for deduction up to Rs 1.5 lakh for the purpose of income tax, with a three-year lock-in period. This is w.e.f April, 2019.

- Life Insurance Premium (**Read** : 'Best Term insurance plans')
- Sukanya Samriddhi Account Deposit Scheme

## **Section 80CCC**

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Contribution to annuity plan of LIC (*Life Insurance Corporation of India*) or any other Life Insurance Company for receiving pension from the fund is considered for tax benefit. The maximum allowable Tax deduction under this section is Rs 1.5 Lakh.

## **Section 80CCD**

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Employee can contribute to Government notified Pension Schemes (*like National Pension Scheme – NPS*). The contributions can be upto 10% of the salary (*salaried individuals*) and Rs 50,000 additional tax benefit u/s 80CCD (1b) was proposed in Budget 2015.

As per the Budget 2017-18, the self-employed (*individual other than the salaried class*) can contribute up to 20% of their gross income and the same can be deducted from the taxable income under Section 80CCD (1) of the Income Tax Act, 1961.

To claim this deduction, the employee has to contribute to Govt recognized Pension schemes like NPS. The 10% of salary limit is applicable for salaried individuals only and Gross income is applicable for non-salaried. The definition of Salary is only 'Dearness Allowance.' If your employer also contributes to Pension Scheme, the whole contribution amount (*10% of salary*) can be claimed as tax deduction under Section 80CCD (2).

The Centre will now contribute 14% of basic salary to Govt employees' pension corpus, up from 10%. This is w.e.f April, 2019.

Kindly note that the Total Deduction under *section 80C*, 80CCC and 80CCD(1) together cannot exceed Rs 1,50,000 for the financial year 2019-20. The additional tax deduction of Rs 50,000 u/s 80CCD (1b) is over and above this Rs 1.5 Lakh limit.

**(Read** : 'NPS Scheme – Pros & Cons')

Contributions to 'Atal Pension Yojana' are eligible for Tax Deduction under section 80CCD.

## **Section 80D**

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In the union budget 2018, the government of India has proposed the below changes with respect to deductions available on Health Insurance and/or towards Medical treatment. The same provisions are applicable for FY 2019-20 as well;

- **Health Insurance & Senior Citizens** : In Budget 2018, it has been proposed to raise the maximum tax deduction limit for senior citizens under Section 80D of the Indian Income Tax Act 1961. The limit of tax deduction allowed for FY 2017-18 for senior citizens was Rs. 30,000 which was increased to Rs 50,000, from FY 2018-19 (AY 2019-20) onwards.
  - Under Section 80D an assessee, being an individual or a Hindu undivided family, can claim a deduction in respect of payments towards annual premium on health insurance policy, preventive health check-up or medical expenditure in respect of senior citizen (*above 60 years of age*).
  - As of FY 2017-18, only Very Senior Citizens (*who are above 80 years of age*), can claim a deduction of up to Rs 30,000 incurred towards medical expenditure, in case they don't have health insurance. The Budget 2018 has increased this to Rs 50,000 and also allowed the same flexibility to senior citizens. Even individuals who pay premiums for their dependent senior citizens parents can claim the additional deduction on health insurance premium (or) medical expenditure.
- **Single premium Health Insurance policy / Multi-year Mediclaim policy** :  
In case of single premium health insurance policies having cover of more than one year, it is proposed that the deduction shall be allowed on proportionate basis for the number of years for which health insurance cover is provided, subject to the specified monetary limit.

**The below limits are applicable for Financial Year 2019-2020 (or) Assessment Year (2020-2021) u/s 80D.**

Health Insurance Policy Premium & Section 80D Tax benefits for FY 2019-20 / AY 2020-21			
Scenarios	Health insurance premium paid for & Maximum tax deduction limits		Total Deduction under Section 80D
	Self, Spouse & Dependent Children	Parents (whether dependent or not)	
No one in your family has attained 60 years of age	upto Rs 25,000	upto Rs 25,000	Rs 50,000
The eldest member in Your family (yourself, spouse and dependent children ) is less than 60 years & Your Parents (either mother or father) are above 60 years of age)	upto Rs 25,000	upto Rs 50,000*	Rs 75,000
The eldest member in Your family (yourself, spouse and dependent children ) has attained 60 years & Your Parents (either mother or father) are above 60 years of age)	upto Rs 50,000*	upto Rs 50,000*	Rs 1,00,000

\*Nature of Amount spent can be towards Medical Expenditure as well

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### Health Insurance Premium & Section 80D Tax benefits AY 2020-21

Preventive health checkup (*Medical checkups*) expenses to the extent of Rs 5,000/- per family can be claimed as tax deductions. Remember, this is not over and above the individual limits as explained above. (*Family includes: Self, spouse, parents and dependent children*).

### **Section 80DD**

You can claim up to Rs 75,000 for spending on medical treatments of your dependents (*spouse, parents, kids or siblings*) who have 40% disability. The tax deduction limit of upto Rs 1.25 lakh in case of severe disability can be availed.

To claim this deduction, you have to submit Form no 10-IA.

**FORM NO. 10-IA**  
[See sub-rule (2) of rule 11A]

**Certificate of the medical authority for certifying 'person with disability', 'severe disability', 'autism', 'cerebral palsy' and 'multiple disability' for purposes of section 80DD and section 80U**

Certificate No. \_\_\_\_\_  
Date : \_\_\_\_\_

This is to certify that Shri/Smt./Ms. \_\_\_\_\_ son/daughter of Shri \_\_\_\_\_, age \_\_\_\_\_ years \_\_\_\_\_ male/female\* residing at \_\_\_\_\_, Registration No. \_\_\_\_\_ is a person with disability/severe disability\* suffering from autism/cerebral palsy/multiple disability\*.

2. This condition is progressive/non-progressive/likely to improve/not likely to improve\*.

3. Reassessment is recommended/not recommended after a period of \_\_\_\_\_ months/years\*.

Sd/-  
(Neurologist/Pediatric Neurologist/Civil Surgeon/  
Chief Medical Officer\*)

## **Section 80DDB**

An individual (*less than 60 years of age*) can claim upto Rs 40,000 for the treatment of specified critical ailments. This can also be claimed on behalf of the dependents. **The tax deduction limit under this section for Senior Citizens and very Senior Citizens (*above 80 years*) has been revised to Rs 1,00,000 w.e.f FY 2018-19.**

To claim Tax deductions under Section 80DDB, it is mandatory for an individual to obtain 'Doctor Certificate' or 'Prescription' from a specialist working in a Govt or Private hospital.

For the purposes of section 80DDB, the following shall be the eligible diseases or ailments:

Neurological Diseases where the disability level has been certified to be of 40% and above;

- (a) Dementia
  - (b) Dystonia Musculorum Deformans
  - (c) Motor Neuron Disease
  - (d) Ataxia
  - (e) Chorea
  - (f) Hemiballismus
  - (g) Aphasia
  - (h) Parkinson's Disease
- Malignant Cancers
  - Full Blown Acquired Immuno-Deficiency Syndrome (AIDS) ;
  - Chronic Renal failure
  - Hematological disorders

1. Hemophilia
2. Thalassaemia

## **Section 80CCG**

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Tax Benefits of Rajiv Gandhi Equity Savings Scheme (*RGESS*) under section 80CCG has been withdrawn. However, if an investor has invested in the *RGESS* scheme in *FY 2016-17* (*AY 2017-18*), they *can claim* deduction under this Section until *AY 2019-20*.

## ***Section 24 (B) (Loss under the head Income from House Property)***

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- From *FY 2017-18*, the Tax benefit on loan repayment of second house is **restricted to Rs 2 lakh per annum** only (*even if you have multiple houses the limit is still going to be Rs 2 Lakh only and the ceiling limit is not per house property*).
- The unclaimed loss if any will be carried forward to be set off against house property income of subsequent 8 years. In most of the cases, this can be treated as '**dead loss**'.
- I believe that this is a major blow to the investors who have bought multiple houses on home loan(s) with an intention to save taxes alone.
- Until *FY 2016-17*, interest paid on your housing loan is eligible for the following tax benefits ;
  - Municipal taxes paid, 30% of the net annual income (*standard deduction*) and interest paid on the loan taken for that house are allowed as deductions.
  - After these deductions, your rental income can be **NIL** or **NEGATIVE** and is called 'loss from house property' in the latter case.
  - Such loss is currently allowed to be set off against other heads of income like Income from Salary or Business etc. which helps you to lower you tax liability substantially.



Computation of Income from House Property (Example) <span style="float: right;">ReLakhs.com</span>				
Particulars	Amount (in Rs)	Total	Existing Rule: Loss from House Property that can be set-off	Budget 2017 Proposal : Loss from House Property that can be set-off
Rental Income	2,40,000			
Less : Municipal Taxes	10,000			
<b>Net Annual Value</b> (Rs 2.4 Lakh - Rs 10k)		2,30,000		
Less : 30% Standard deduction on NAV	69,000	1,61,000 (Rs 2,30,000 - 69,000)		
Less : Interest on Home Loan u/s 24	500,000	Loss - Rs 3,39,000 (1,61,000 - 5,00,000)	<b>Rs 3,39,000</b>	<b>Rs 2,00,000</b> (Balance Rs 1,39,000 can be carried forward)

### Computation of Income from House property – Illustration

Currently (FY 2018-19), income tax on notional rent is payable if one has more than one self-occupied house. No tax on notional rent on **Second Self-occupied house** has been proposed. So, you can now hold 2 Self-occupied properties and don't have to show the rental income from second SoP as notional rent. This is with effective from FY 2019-20.

## Section 80E

If you take any loan for higher studies (*after completing Senior Secondary Exam*), tax deduction can be claimed under Section 80E for interest that you pay towards your Education Loan. This loan should have been taken for higher education for you, your spouse or your children or for a student for whom you are a legal guardian. Principal Repayment on educational loan cannot be claimed as tax deduction.

There is no limit on the amount of interest you can claim as deduction under section 80E. The deduction is available for a maximum of 8 years or till the interest is paid, whichever is earlier.

## Section 80EE

This was a new proposal which had been made in Budget 2016-17. The same will be continued in AY 2020-21 too. First time Home Buyers can claim an additional Tax deduction of up to Rs 50,000 on home loan interest payments u/s 80EE. The below criteria has to be met for claiming tax deduction under section 80EE.



- The home loan should have been sanctioned during FY 2016-17.
- Loan amount should be less than Rs 35 Lakh.
- The value of the house should not be more than Rs 50 Lakh &
- The home buyer should not have any other existing residential house in his name.
- Such eligible home buyers can claim exemption of Rs. 50,000/- for interest on home loan under section 80EE from assessment year beginning from 1 st April 2017 and subsequent years, till loan closure.

## **New Section 80EEA for FY 2019-20 or AY 2020-21**

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Besides the tax deductions under Section 80C and 24b, an individual can now claim up to Rs 1.5 lakh under Section 80EEA from FY 2019-20 or AY 2020-21 onwards, subject to below conditions;

- The home loan should have been sanctioned between 1st April, 2019 to 31st March 2020.
- The Stamp duty value of the property should not exceed 45 Lakhs.
- Taxpayer should not own any other residential property on the date of loan sanction.
- This tax benefit will be available from 1st April 2020 (*AY 2020-21*) and till the end of the home loan tenure (*closure*).
- The total interest deduction is now Rs. 3.5 lakh (*Rs 2 Lakh + Rs 1.5 Lakh*).

Kindly note that the deduction under Section 80EEA is available for home loans from banks and approved financial institutions only. Under Section 24, even interest paid on home loans from friends and relatives is eligible for tax benefit.

To claim tax benefit under Section 24, you should have received possession of your house (*interest paid before possession is eligible for deduction over the next 5 years in 5 equal installments*). Section 80EE and 80EEA do not impose any requirement of possession or completion of construction. Therefore, Section 80EEA provides you immediate tax relief even if you have purchased an under-construction property.

## **New Section 80EEB Income Tax Deduction of Rs 1.5 Lakh on Loan taken to purchase Electronic Vehicle**

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A new Tax deduction of up to Rs 1.5 lakh has been proposed on Interest paid on Loans taken to purchase Electronic Vehicles.

## **Section 80G**

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Contributions made to certain relief funds and charitable institutions can be claimed as a deduction under Section 80G of the Income Tax Act. This deduction can only be claimed when the contribution has been made via cheque or draft or in cash. In-kind contributions

such as food material, clothes, medicines etc do not qualify for deduction under section 80G.

The donations made to any Political party can be claimed under section 80GGC.

W.e.f FY 2017-18, the limit of deduction under section 80G / 80GGC for donations made in cash is reduced from current Rs 10,000 to Rs 2,000 only.

If you want to donate some fund to a political party of your choice, you can do so in cash of up to Rs 2,000. Beyond that you can not donate the amount in cash mode. It can be done through Electoral Bonds.

## Section 80GG

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The Tax Deduction amount under 80GG is Rs 60,000 per annum. Section 80GG is applicable for all those individuals who do not own a residential house & do not receive HRA (*House Rent Allowance*).

The extent of tax deduction will be limited to the least amount of the following;

- Rent paid minus 10 percent the adjusted total income.
- Rs 5,000 per month.
- 25 % of the total income.

*(If you are claiming **HRA** (House Rent Allowance) of more than Rs 50,000 per month (or) paying rent which is more than Rs 50,000 then the tenant has to deduct TDS @ 5%. It has been proposed that the tax could be deducted at the time of credit of rent for the last month of the tax year or last month of tenancy, as applicable.)*

## Revised Rebate under Section 87A

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Tax rebate of Rs 12,500 for individuals with **taxable income of up to Rs 5 Lakh** has been proposed in Interim-Budget 2019-20-18 / AY 2020-21 as well.

- Only Individual Assesses earning net taxable income up to Rs 5 lakhs are eligible to enjoy tax rebate u/s 87A.
- **For Example** : Suppose your yearly pay comes to Rs 6,50,000 and you claim Rs 1,50,000 u/s 80C. The total net income in your case comes to Rs 5,00,000 which makes you eligible to claim tax rebate of Rs 12,500.
- The amount of tax rebate u/s 87A is restricted to maximum of Rs 12,500. In case the computed tax payable is less than Rs 12,500, say Rs 10,000 the tax rebate shall be limited to that lower amount i.e. Rs 10,000 only.
- The Tax Assesse is first required to add all incomes i.e. salary, house income, capital gains, business or profession income and income from other sources and then deduct

the eligible tax deduction amounts u/s 80C to 80U and under section 24(b) (*Home Loan Interest*) to come up with the net taxable income.

- If the above net taxable income happens to be less than Rs 5 lakhs then the tax rebate of Rs 12,500 comes in to the picture and should be deducted from the calculated total income tax payable.

<b>Income Tax Liability Calculation with Revised Sec 87A limit - Illustration</b>		
<b>Particulars</b>		
<b>Salaried or Self-Employed?</b>	<b>Salaried</b>	<b>Self-Employed</b>
Gross Income (in Rs)	600000	600000
<b>Less</b>		
Standard Deduction	50000	NA
Tax Deductions (80c, 80D etc.,)	150000	200000
<b>Net Taxable Income (NTI)</b>	<b>400000</b>	<b>400000</b>
<b>Sec 87A Tax Rebate</b> Applicable? (Applicable if NTI <= Rs 5 Lakh)	Yes	Yes
Tax Liability	Nil	Nil

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*Revised Section 87A Limit for FY 2019-20 / AY 2020-21*

## **Section 80 TTA & new Section 80TTB**

For Senior Citizens, the Interest income earned on Fixed Deposits & Recurring Deposits (*Banks / Post office schemes*) will be exempt till Rs 50,000 (*FY 2017-18 limit was up to Rs 10,000*). This deduction can be claimed under new Section 80TTB. However, no deductions under existing 80TTA can be claimed if 80TTB tax benefit has been claimed (*the limit for FY 2017-18 & FY 2018-19 u/s 80TTA is Rs 10,000*).

Section 80TTA of Income Tax Act offers deductions on interest income earned from savings bank deposit of up to Rs 10,000. From FY 2018-19, this benefit will not be available for late Income Tax filers.

Proposal has been made to not to deduct **TDS of up to Rs 40,000 on interest income** from Bank / Post office deposits (*the FY 2018-19 TDS threshold limit u/s 194A is Rs 10,000*). Kindly note that no TDS does not mean no tax liability. Interest income on Deposits (FDs/RDs) is still a taxable income.

Interest income from deposits held with companies will not benefit under this section. This means, senior citizens will not get this benefit for interest income from corporate fixed deposits us/ 80TTB.

## Section 80U

This is similar to Section 80DD. Tax deduction is allowed for the tax assessee who is physically and mentally challenged.

## Standard Deduction of Rs 50,000 in-lieu of Medical Allowance – Budget 2018

Until FY 2017-18, the medical allowance of up to Rs 15,000 was exempted income from your Gross salary. To claim this, you had to submit medical bills to your employer and get the allowance benefit. The medical reimbursement allowance was exempted under Section 10 of the Income Tax Act.

If you have submitted medical bills (*to your employer*) towards medical allowance and also paid premium towards your mediclaim (*health insurance*) then both of them will be listed in your Form-16 under different sections as shown below (*click on the images to open them in new browser window*).

Form No. 16  
(See Rule 3(19)(c))  
PART A  
Certificate under section 203 of the Income Tax Act, 1961 for Tax deducted at source on Salary

Name and address of the Employer		Name and Designation of the Employee	
PAN of the Deductor	TAN of the Deductor	PAN of the Employee	
CRUDIN	Assessment Year	Period	
		FROM	TO
Summary of tax deducted at source			
Quarter	Receipt Numbers of original statements of TDS under sub-section (2) of section 208	Amount of tax deducted @ respect of the employee	Amount of tax deposited/credited in respect of the employee
Quarter 1			
Quarter 2			
Quarter 3			
Quarter 4			
Total			

PART B  
Details of Salary Paid and any other income and tax deducted

	Rs.	Rs.	Rs.
1. Gross Salary			
a) Salary as per provisions contained in sec. 17(1)			
b) Value of perquisites as TDS (as per Form No. 12BA, wherever applicable)	47,316.00		
c) Profits in lieu of salary under section 17(13) (as per Form No. 12BA, wherever applicable)	0.00		
d) Gratuity		1,408,587.00	
2. Less: Allowance in the nature exempt u/s 16			
a) Allowance	Rs.		
b) Conveyance	0,000.00		
c) Medical Reimbursement	15,000.00		
		24,000.00	

From FY 2018-19, a **standard deduction of Rs 40,000** in lieu of travel, medical expense reimbursement and other allowances has been proposed for salaried employees and pensioners. To claim this standard deduction, there is no need to submit medical bills to your employer.

8. Deductions under Chapter VIA		Gross Amount	Deductible Amount
(A) Sections 80C, 80CC and 80CCD	Description		
	Education 80C		
	Housing Loan - Principal Repayment	72,000.00	72,000.00
	LIC	0.00	0.00
	Pf	71,980.00	71,980.00
	Education 80CC	0.00	0.00
	80CCee 80CCD	0.00	0.00
Note 1: Aggregate amount deductible under section 80C shall not exceed Rs.1,50,000/-			
Note 2: Aggregate amount deductible under the three sections, i.e., 80C, 80CC and 80CCD, shall not exceed one lakh rupees.			
	(B) Other Sections (up to Rs. 50,000) under Chapter VIA		
	80D - Medical Insurance - Self / Spouse / Children	4,000.00	4,000.00
	80D - Medical Insurance with a Senior Citizen	9,470.00	9,470.00
	9. Aggregate of deductible amount under Chapter VIA		1,03,870.00
11. Total Income before tax			
12. Tax on total income			

The current **Standard Deduction** of Rs 40,000 for FY 2018-19 is proposed to be increased to Rs 50,000 for FY 2019-20.

As per this new proposal, irrespective of amount of taxable salary the assessee will be entitled to get a deduction of Rs.50,000 or taxable salary, whichever is less. Thus suppose if a person has worked for few days (or) months and his salary was just Rs 50,000 for a previous year, then he will be entitled to deduction equal to salary being the same amount. If his salary is less, say Rs 30,000 the deduction shall be restricted to Rs 30,000. If salary exceeds amount of Rs 50,000, the deduction shall be restricted to Rs 50,000.

## Section 54

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The benefit of rollover of capital gains under section 54 of the Income Tax Act will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to Rs 2 crore. This benefit can be availed once in a life time.

Under Section 54GB(5) of the Income Tax Act, 1961, long term capital gains on the sale of residential property will be exempt if the sale proceeds are invested in an eligible startup, provided such transfer took place prior to March 31, 2019. This has now been extended to March 2021.

## Conclusion

It is prudent to avoid last minute tax planning. Do not invest in low-yielding life insurance policies or in any other financial products just to save taxes. It is better you plan your taxes based on your financial goals at the beginning of the Financial Year itself. Plan your taxes from April 2019 itself, instead of waiting until late December 2019 (or) January 2020.

It is OK to pay some taxes when you can not save or cannot invest in right financial products. But, do not invest just to save TAXES. The cost of buying wrong financial products may outweigh the cost of taxes. Tax Planning is not a goal but a tool. Remember "Tax Planning alone is not Financial Planning."

Also, kindly understand the tax treatment of the selected investment products across the different investment stages (*i.e., investment, accrual & withdrawal*) and then invest. (**Read :** 'Tax treatment of various Financial Investments')

I believe that the above list is useful for your Tax Planning purposes. Kindly note that these Income Tax Exemptions are applicable for financial year 2019-2020 (*or Assessment Year 2020-2021*).