

CHAPTER 4 DEDUCTION FROM GROSS TOTAL INCOME
(GTI)

1. Name any four items that qualified for deduction U/S 80C.

Life insurance policy (LIP) paid by the assessee, contribution to ULIP, own contribution to RPF/ SPF/ PPF, subscription to home loan to home loan deposit account

2. What is the deduction allowable u/s 80D.

Total amount of deduction allowed shall be Rs.15,000 (Rs.20,000 incase of senior citizen) for medical policies put together in case of assessee, spouse and depended children and another 15,000 (Rs.20,000 incase of senior citizen) in case of a parent or both the parents.

3. Mention the provision of section 80DD.

A resident individual or HUF can claim a fixed deduction of Rs.75,000 in respect of maintenance including medical treatment of a dependent relative suffering from disability. A higher deduction of Rs. 1,25,000 is available , a higher dependent relative is suffering from a severe disability.

4. What is the deduction allowable U/S 80 GG.

Amount of deduction is least of the following.

- Maximum limit of 2000 pm
- 25% of adjusted GTI
- Excess of rent paid 10% of adjusted GTI

5. Give the provisions of deduction U/S 80 G

1. All types of assessee's are entitled to a deduction paid in respect of donations paid in the PY to the approved funds at specified rates;

2. The donation may be paid out of taxable /exempted incomes.

6. Mention the provisions under sec 80-E

Section 80-E allows deduction for interest paid on education loan. Loan should have been taken for purpose higher studies of individual/ spouse/ children of the student of whom individual is legal guardian.

7. What is the provision of u/s 80U of IT act 1961?

Resident individual suffering from any disability can claim fixed deduction of 75,000. A high deduction of 1,25,000 is allowed in respect of a person with disability.

8. What is tax relief.

Sec 89 (1) of the IT act gives relief of income tax to salaried assessee whose total income includes

- Arrears of salary
- Advance salary
- Encashment of earned leave
- Compensation received and tax relief is deductible from the tax payable amount by the assessee

9. What is PAN

PAN stands permanent account number it is a ten-digit alphanumeric number, issued in the form of a laminated card, by the income tax department under sect 139A(7), it is mandatory to quote PAN on return of income all correspondence with any income tax authority from 1 January 2005 it will be mandatory to quote PAN on challans for any payments due to income tax department

10. What is tax rebate?

According to sec 88E of the IT act, rebates are allowed in respect of income from securities transaction made by the assessee during the p.y & tax rebates are deductible from the tax payable amount by the assessee

11. What is dividend under IT act?

Dividend means the amount received by a shareholders in proportion to his share holding in a company out of the total sum so distributed.