

Income Tax FAQs – For TRPs and Tax consultants

Which ITR form is to be filed if the assessee has income from salary and interest from bank?

Can return be filed on the basis of salary certificate?

How to prepare ITR -1/Saral II from Form No. 16?

Which form should be submitted for claiming relief under section 89(1) by an employee?

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When an employee can declare his savings or investments to the employer?

My client is a salaried person and is getting uniform allowance. He has received Form No. 16 from employer. Whether uniform allowance is taxable?

Can one claim deduction of transport allowance on the basis of salary certificate ?

A Government employee contributes 10% of salary to the employer under NPS and matching contribution is made by the employer. Is employer's contribution deductible under section 80CCD?

Q : Which ITR form is to be filed if the assessee has income from salary and interest from bank?

A : An assessee having income from salary and income from bank interest (i.e., no other income) has to file his return of income in Form ITR -1/Saral II.

Q : Can return be filed on the basis of salary certificate?

A : Yes, an employee can file the return of income on the basis of salary certificate. However, if the employee is having any other income which is not reported in salary certificate, then such income should be reported in the return of income.

Q : How to prepare ITR -1/Saral II from Form No. 16?

A : Based on the information provided in Form No. 16 one has to proceed with filling the details of ITR -1/Saral II. However, ITR -1/Saral II contains additional details like bank account details, details of other income, etc., which are not provided in Form No. 16; these information are to be separately provided in ITR -1/Saral II. In other words, all the information relating to salary income and TDS on salary income given in Form No. 16 is to be filled in ITR -1/Saral II, and any information not given in Form No. 16 but required in ITR -1/Saral II is to be filled separately.

Q : Which form should be submitted for claiming relief under section 89(1) by an employee?

A : Form No. 10E should be submitted for claiming relief under section 89(1).

Q : To whom Form No.10E is to be submitted for relief under section 89 ?

A : To claim relief under section 89(1), the employee should furnish Form No. 10E to the employer or Tax authority (as the case may be).

Q : When an employee can declare his savings or investments to the employer?

A : There is no specific date for submission of such documents, but the employer should declared a cutoff date to avoid any delay. It should be noted that delay in furnishing such details may result in non-consideration of such savings/investment while determining the TDS liability.

Q : My client is a salaried person and is getting uniform allowance. He has received Form No. 16 from employer. Whether uniform allowance is taxable?

A : As per rule 2BB, read with section 10(14), any allowance granted to meet the expenditure incurred on the purchase or maintenance of uniform for wear during the performance of official duty is exempt till the extent of lower of following:(a) Amount of allowance; or(b) Amount spent for the purpose of allowance (i.e., spent on purchase or maintenance of uniform)

Thus, an employee can claim exemption from uniform allowance (i.e., if actual expenditure is incurred on purchase/maintenance of uniform) on the basis of amount certified in salary certificate. However, deduction should be within above discussed limit.

Q : Can one claim deduction of transport allowance on the basis of salary certificate ?

A : To claim deduction of transport allowance (i.e., Rs. 800 fix per month) the employee is not required to produce any proof of expenditure. Hence, the employee can claim deduction of transport allowance on the basis of salary certificate. It should be noted that the amount of allowance should be clearly mentioned in the salary certificate. Transport allowance for above purpose means allowance granted to an employee to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty.

Q : A Government employee contributes 10% of salary to the employer under NPS and matching contribution is made by the employer. Is employer's contribution deductible under section 80CCD?

A : Employer's contribution to NSP is first added as salary income and then employee can claim deduction under section 80CCD in respect of employer's contribution subject to 10% of salary. Further deduction can be claimed for employee's contribution subject to 10% of salary. It should be noted that total deduction under section 80C, 80CCC and 80CCD cannot exceed Rs. 1,00,000.

Q : Which form should be used in case of rental income?

A : In case of an assessee having only rental income from house property, return of income should be filed in Form No. ITR-2. Additional point to be considered: From assessment year 2010-11, if an assessee is having income from one House Property (excluding cases where loss is brought forward from previous years), then he can use ITR – 1/Saral II.

Q : Where should interest on housing loan be shown in ITR 2 ?

A : It should be shown in ITR 2 in Schedule HP relating to details of income from house property.

Q : What is the rate of standard deduction for house property income ?

A : While computing income from house property, as per section 24(a) an assessee is entitled to a flat deduction (i.e., standard deduction) @ 30% of Net Annual Value.

Q : Whether house property loss can be adjusted against short-term capital gain?

A : Yes, current year's house property loss can be adjusted against any income including income from short-term capital gains, however, brought forward loss from house property (i.e., loss of earlier year) can only be adjusted against income chargeable to tax under the head 'Income from house property'. In other words, current year's loss from house property can be adjusted against income chargeable to tax under the head 'Short term capital gains', however, brought forward loss from house property cannot be adjusted against short-term capital gains.

Q : Which form of ITR is applicable for an LIC agent?

A : Commission income of LIC agent constitutes business income and, hence, in case of an LIC agent return of income should be filed in Form No. ITR-4.

Q : Under which head drawings of a proprietor will fall in ITR-4?

A : There is no specific requirement in ITR – 4 for providing drawings by the proprietor. However, the closing balance of capital is to be shown in ITR-4.

Q : Can an individual file his return after 31st July, if he has income from insurance commission?

A : The due date of filing of return of income in case of an assessee who is not liable to audit is 31st July of assessment year, and if an assessee fails to file the return of income by such due date, then he can file a belated return within a period of 1 year from the end of the assessment year or before completion of assessment, whichever is earlier. However, if return of income is filed after 31st March of assessment year, then in that case, penalty of Rs. 5,000 under section 271F can be levied. It should be noted that belated return cannot be revised. Further, loss (other than house property loss) cannot be carried forward, if the return of income of the year of loss is not filed within the due date specified under section 139(1).

Q : Turnover of a retail business is Rs.35 lakh and income disclosed is 8% of the turnover. Whether maintenance of books u/s 44AA is compulsory in such a case?

A : As per section 44AF, if turnover in a retail business is less than Rs.40 lakhs and income disclosed is 5% or more of gross receipts, then maintenance of books u/s 44AA is not compulsory. Thus, in case of retail business if turnover is Rs. 35 lakhs and income disclosed is 8%, then there is no requirement of maintaining the books of account as per the provisions of section 44AA. It should be noted that from assessment year 2011-12, new section 44AD is applicable in case of all businesses, and hence from

assessment year 2011-12, section 44AF will be inoperative. Following is an overview of new section 44AD :

The scheme of presumptive taxation of section 44AD is applicable to a resident assessee who is an individual or Hindu undivided family or a partnership firm but not limited liability partnership firm.

These provisions can be adopted by an assessee engaged in any business (except the business of plying, hiring or leasing goods carriages referred to in section 44AE), whose turnover or gross receipts from such business does not exceed Rs. 60,00,000 (Rs. 40,00,000 up to financial year 2009-10). Further, these provisions can be adopted by the assessee only if he has not claimed deduction under section 10A/10AA/10B/10BA or sections 80HH to 80RRB in the relevant year.

In case of an assessee who is willing to adopt these provisions, income will be computed on estimated basis @ 8% of turnover or gross receipts of such business, for the previous year.

Provisions relating to the payment of advance tax shall not apply to such an assessee, in respect of business covered under section 44AD.

An assessee, who adopts provisions of section 44AD, is not required to maintain books of account as per section 44AA (applicable only for business covered by this section). Further, in respect of such business, the provisions of section 44AB (relating to audit) are also not applicable.

An assessee can at his option declare higher income (i.e., higher than 8%).

Q : What is the method of calculation of income on presumptive basis in case of a contractor ?

A : Following are the provisions of section 44AD:GENERAL RULE OF APPLICABILITY:The provisions of section 44AD are applicable to every person (i.e., individual, HUF, firm, company, etc.).

These provisions can be adopted by an assessee engaged in the business of civil construction/supply of labour for civil construction whose gross receipt from such business during the previous year does not exceed Rs. 40,00,000. Gross receipt for the above purpose will not include the value of material supplied by the client.

COMPUTATION OF INCOME:

In case of an assessee who is willing to adopt these provisions, income will be computed on estimate basis @ 8% of gross receipt (paid or payable in the previous year). The assessee can at his option, declare a higher income.

Income computed as above (i.e., @ 8%) will be net income. In other words, the assessee is not permitted to claim any deduction under sections 30 to 38 (including depreciation/unabsorbed depreciation) from such income. However, an assessee being a partnership firm, can further claim a deduction on account of remuneration and interest to partners within the limit specified under section 40(b). Further, from income computed at aforesaid rate, no disallowance can be made under sections 40, 40A and 43B.

BOOKS OF ACCOUNT AND AUDIT:

An assessee, who adopts above provisions, is not required to maintain books of account as per section 44AA (applicable only for business covered by this section). Further, in case of such business, the provisions of section 44AB (relating to audit) are also not applicable.

OTHER IMPORTANT POINTS:

An assessee can declare income from aforesaid business at a lower rate (i.e., less than 8%). However, if the assessee does so, then he is required to maintain books of account as per section 44AA and get such books of account audited as per section 44AB.

While computing income as per these provisions, separate deduction on account of depreciation is not available. However, the WDV of any assets used in such business shall be calculated, as if depreciation as per section 32 is claimed and allowed.

Civil construction includes construction/repair of any building, bridge, dam or other structure, canal or road and execution of any works contract.

An assessee may be a contractor or sub-contractor. Note: By the insertion of a new section 44AD from assessment year 2011-12, old section 44AD and 44AF has been made inoperative and, hence, with effect from assessment year 2011-12, old section 44AD and 44AF will not be applicable. Refer previous FAQ for overview of new section 44AD.

Q : What is the rate of income-tax on short-term capital gains under section 111A?

A : Short-term capital gains covered under section 111A are charged to tax @15% (plus surcharge and cess). Education cess is applicable @ 2% and secondary and higher education cess is applicable @ 1%. Surcharge is applicable only in case of a company, if the taxable income exceeds Rs. 1 cr.

Q : What is the procedure of setting off short-term capital loss?

A : Short-term capital loss can be set-off only against capital gain (may be long-term or short-term gain). If such capital loss cannot be adjusted against the available gain (i.e., due to shortage of gain), then such unadjusted loss can be carried forward for set off in the next year. Such unadjusted loss can be carried forward for 8 years. It should be noted that such loss can be carried forward only if the return of income of the year in which loss is incurred is filed on or before the due date of furnishing the return of income prescribed under section 139(1).

Q : What is the procedure of setting off long-term capital loss?

A : Long-term capital loss (from A.Y. 2003-04) can be set off only against long-term capital gain. If such capital loss cannot be adjusted against the available long-term gain (i.e., due to shortage of gain), then such unadjusted loss can be carried forward for set off in the next year and it can be carried forward for 8 years. However, such loss can be carried forward only if the return of income of the year in which loss is incurred is filed on or before the due date of furnishing the return of income prescribed under section 139(1).

Q : Whether profit on sale of mutual fund units held as investment is taxable?

A : Profit on sale of units of mutual fund held as investment is taxable, it is charged to tax under the head 'Capital gains'. However, as per section 10(38), long-term capital gains arising on sale of units of an equity oriented mutual fund is exempt from tax. This exemption is available if the transaction of transfer of these shares/units is liable to securities transaction tax. If the gain is short term, then such gain is charged to tax @ 15% (plus surcharge and cess as applicable). Equity oriented mutual fund means a mutual fund specified under section 10(23D) and 65% of its investible funds, out of total proceeds is invested in equity shares of a domestic company.

Q : My client is a senior citizen and getting pension of Rs.1,50,000 during F.Y. 2008-2009 plus freedom fighter honorarium of Rs.1,80,000. Whether honorarium is taxable?

A : Yes, honorarium received by a freedom fighter is charged to tax, since there are no specific exemption provisions in respect of honorarium received by a freedom fighter.

Q : Whether receipts of Rs.5 lakh as gift are taxable ?

A : If following conditions are satisfied, then section 56(2)(vii) is applicable in case of any sum of money received without consideration:(i) Any sum of money is received by an individual or HUF on or after 1-10-2009.(ii) Such sum of money is received without consideration.(iii) The aggregate value of such sum exceeds Rs. 50,000.On applicability of section 56(2)(vii), the entire sum of money so received during the previous year will be charged to tax in the hands of such individual or HUF; and such amount will be taxed under the head 'Income from other sources'. However, these provisions are not applicable in certain cases, see note given below for these exceptions. In other words, any sum of money received from a relative (see note 2) or any sum of money received in the circumstances specified in note 1 given below is not charged to tax.Note 1:Nothing contained in aforesaid provisions will apply in the following cases :Money or property received from relatives (see note 2 below).Money or property received on the occasion of the marriage of the individual.Money or property received under will/ by way of inheritance.Money or property received in contemplation of death of the payer or donor.Money or property received from a local authority.Money or property received from any fund, foundation, university, other educational institution, hospital or other medical institution, any trust or institution referred to in section 10(23C).Money or property received from a trust or institution registered under section 12AA.Note 2 : Relative for this purpose means:(a) Spouse of the individual;(b) brother or sister of the individual;(c) brother or sister of the spouse of the individual;(d) brother or sister of either of the parents of the individual;(e) any lineal ascendant or descendent of the individual;(f) any lineal ascendant or descendent of the spouse of the individual;(g) spouse of the person referred in (a) to (f) above.Based on above, if sum of money is received by an individual or HUF exceeding Rs. 50,000 (during the previous year), then such sum shall be charged to tax in the hands of such individual or HUF. However, exceptions given in note 1 and 2 above should be considered.

Q : Which challan is to be used for TDS deposit?

A : For depositing TDS, Challan No. ITNS 281 is to be used.

Q : Whether Challan 280 can be downloaded from the Income Tax site?

A : Yes, all types of challan including challan 280 can be downloaded from the Income-tax Department's site.Web address of site: www.incometaxindia.gov.in

Q : Can a deductor use single challan for all payments of TDS?

A : Separate challan should be used for depositing TDS under different sections.

Q : What is the due date of filing of TDS return?

A : Due date of filing of TDS return for first three quarters is 15 days from the end of the quarter, and for last quarter 76 days after the end of the quarter. Note:- Above provisions are applicable in respect of tax deducted till 31-3-2010 and in respect of tax deducted on or after 1-4-2010, following provisions will apply: Following are the due dates of filing quarterly TDS statement

| | |
|----------------|--------------|
| 30th June | 15th July |
| 30th September | 15th October |
| 31st December | 15th January |
| 31st March | 15th May |

Q : What is the last date of issuing a TDS certificate to an employee?

A : Form No. 16 (i.e., TDS certificate in respect of salary) shall be issued within a period of one month from end of the financial year.

Q : Is any interest chargeable on late deposit or non-deposit of TDS?

A : Following are the provisions relating to interest in case of delay in payment of TDS: Interest shall be charged @ 1% for every month or part of a month on the amount of unpaid tax. Interest is levied from the date on which tax was deductible to the date on which tax is actually deducted, and @1.5% (1% up to 30-6-2010) for every month or part of a month on the amount of tax from the date on which such tax was deducted to the date on which such tax is actually paid. In other words, interest is levied @1% per month for the period of delay in deduction and @1.5 % (1% up to 30-6-2010) for delay in payment. Such interest shall be paid before furnishing TDS return.

Q : Insurance amount is received on death of a person. Will it be liable to TDS?

A : As per section 10(10D), any amount received from life insurance policy on death of the person is exempt from tax. Further, there are no provisions under the Income-tax Act which require deduction of tax from amount received from life insurance policy. Thus, amount received from an insurance company on death of the person is not liable to TDS.

Q : Will TDS be attracted on distribution of prizes?

A : TDS will be attracted under section 194B and rate will be as follows: If recipient is: a) Non-resident (Income tax 30%, EC-2% and SHEC – 1%), i.e, 30.90%

b) Non-domestic company and if payment / credit does not exceed Rs. 1 Cr (Income tax 30%, EC-2% and SHEC – 1%), i.e, 30.90%

c) Non-domestic company and if payment / credit exceeds Rs. 1 Cr (Income tax 30%, SC-2.5% EC-2%

and SHEC – 1%), i.e., 31.6725%

d) Any person other than above, 30%.

Q : What is the rate of TDS under section 194 C?

A : Basic rate of TDS up to 30-09-2009 was 2% for payment to contractor and 1% for payment to sub-contractor and advertisement contract, but with effect from 01-10-2009 rate will be 1% if recipient is individual/HUF and 2% for any other recipient. No surcharge EC and SHEC will be applicable during the financial year 2009-10. No deduction shall be made from any sum credited or paid to a contractor during the course of business of plying, hiring or leasing goods carriages, on furnishing of his Permanent Account Number, to the person paying or crediting such sum. In other words if the recipient is in goods transport business and he furnishes his PAN to payer, then no tax will be deducted. With effect from 1-4-2010, every person whose receipts are subject to deduction of tax at source (i.e., the deductee) shall furnish his PAN to the deductor. If such person does not furnish PAN to the deductor, the deductor will deduct tax at source at higher of the following rates (a) The rate prescribed in the Act;

(b) at the rate in force, i.e., the rate mentioned in the Finance Act; or

(c) at the rate of 20%.

Q : What is the method of filing e-TDS return?

A : Quarterly TDS return can be filed in a hard copy or on computer media (i.e., generally CD). It should be noted that in the following cases filing of return on computer media is mandatory: (a) The deductor is an office of Government; or (b) the deductor is a company; or

(c) the deductor is a person required to get his accounts audited under section 44AB in the immediately preceding financial year; or

(d) where the number of deductees records in a quarterly statement for any quarter of the immediately preceding financial year is equal to or more than fifty.

Note : In case of any other deductor, furnishing the quarterly statement in electronic form is optional.

When TDS return is filed on computer media, a copy of Form No. 27A in paper format should be filed.

TDS return shall be furnished through NSDL.

Note:- Above provisions are applicable in respect of tax deducted till 31-3-2010, in respect of tax deducted on or after 1-4-2010, following provisions will apply:

TDS return can be furnished in any of the following manners :

(a) in paper form; or

(b) in electronic form (as specified) along with a verification of statement in Form No. 27A.

The Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing of the statements and shall be responsible for the day to day administration in relation to furnishing of the statements in the prescribed manner.

Following persons shall file TDS statement in electronic form only :

(a) deductor who is an office of the Government; or

(b) deductor who is a company; or

(c) deductor who is a person required to get his accounts audited under section 44AB in the immediately preceding financial year; or

(d) where the number of deductee's records in the quarterly statement for any quarter of the financial year is equal to or more than twenty.

Note :In case of any other deductor, furnishing the quarterly statement in electronic form is optional.

Q : What is the due date of deposit of TDS under section 194C?

A : Due date of deposit of TDS is as follows:When payer is the Government, then TDS amount shall be deposited on the same day, i.e., the day on which TDS has been deducted.When payer is other than the Government, then:

a) If amount liable to TDS is credited to the account of payee on the last day of accounting year (i.e., 31st March), then TDS amount has to be deposited within 60 days from end of accounting year (i.e., by 31st May).

b) In any other case, TDS is to be paid within a period of 7 days following the month in which TDS has been deducted.

Note:- Above provisions are applicable in respect of tax deducted till 31-3-2010 and in respect of tax deducted on or after 1-4-2010, following provisions will apply:

(1) Time limit and mode of payment of TDS in case of tax deducted by an office of the Government :When tax is paid without production of an income-tax challan (i.e., by book entry) When tax is paid accompanied by an income-tax challan

Tax shall be deposited on the same day Tax shall be paid on or before 7 days from the end of the month in which the deduction is made.

(2) Time limit and mode of payment of TDS in case of tax deducted by any person other than an office of the Government :When the income or amount liable to TDS is credited or paid in the month of March

When the income or amount liable to TDS is credited or paid in any month other than the month of March
Tax shall be paid on or before 30th April. Tax shall be paid on or before 7 days from the end of the month in which the deduction is made.

Q : Should an assessee attach other documents along with the return of income?

A : No documents should be attached along with the return of income, but such documents should be preserved by the assessee. Further, whenever the tax authority demands such documents, these documents must be produced before the tax authority.

Q : Income of an individual does not exceed exemption limit. Can he file return?

A : If the income of an individual (before giving deduction under sections 80C to 80U) does not exceed the exemption limit, then such an individual is not liable to file return of income. However, such an individual can voluntarily file the return of income.

Q : When return of income is not filed within due date and some tax is still payable, how much interest will be levied?

A : Interest @ 1% per month or part of the month will be levied under section 234A for delay in furnishing the return of income. Interest is levied on outstanding tax liability.

Q : My client has received Form No.16A, what should be employer category in ITR 4?

A : Since in this case Form 16A has been issued, the amount received is not salary income (because in case of salary income, Form No. 16 is issued and not Form No. 16A). Thus, employer category option need not to be filled up and person will be considered as self-employed.

Q : When should an assessee pay advance tax?

A : As per section 208, every person whose estimated tax liability for the year exceeds Rs. 10,000, shall pay his tax in advance, in the form of 'advance tax'. It should be noted that, with effect from assessment year 2011-12, section 44AD has been amended so as to extend the benefit of presumptive taxation to all the businesses. The section provides that an assessee opting for this scheme shall be exempted from payment of advance tax related to such business. Thus, with effect from assessment year 2011-12, an assessee opting for section 44AD, will not be liable to pay advance tax in respect of such business.

Q : What will be the consequence if tax due is not deposited before 31st July?

A : As per section 234A, interest @ 1% per month or part of the month is levied for delay in filing the return of income. It should be noted that if tax is not paid, then return of income cannot be filed. If there is any delay in payment of tax, then interest @ 1% per month or part of month is levied. Further, if the assessee is liable to pay advance tax, then interest under section 234B and 234C shall also be levied.

Q : How much interest is payable if an assessee is filing a belated return?

A : Interest shall be charged 1% per month or part of the month on the outstanding amount of tax; such interest is levied till the date of payment. Further, if the assessee is liable to pay advance tax, then interest under section 234B and 234C shall also be levied.

Q : Whether belated return for the financial year 2006-2007 can be filed now?

A : Belated return can be filed within a period of one year from the end of the assessment year or before completion of assessment, whichever is early and, thus, the last date of filing the return of Financial year 2006-2007 (i.e., assessment year 2007-2008) comes to 31-03-2009. Based on this, the return of income for the Financial year 2006-2007 cannot be filed after 31-03-2009.

Q : What is amount of penalty for late filing of return of income?

A : The due date for filing of return of income in case of an assessee who is not liable to audit is 31st July of assessment year. If an assessee fails to file the return of income by such due date, then he can file a belated return within a period of 1 year from the end of the assessment year or before completion of

assessment, whichever is earlier. However, if the return of income is filed after 31st March of assessment year, then, in that case, penalty of Rs. 5,000 under section 271F can be levied. Based on above, penalty can be levied only if the return is filed after 31st March of the assessment year.

Q : Whether Direct Taxes Code 2009 is applicable at present?

A : No, it is under discussion and, in case, it becomes an Act it will be applicable from 1st April, 2011, or on any other date as may be decided by the Government of India.

Q : Commission income of my client is Rs.4,700 and income from business of running of clinic is Rs.2,75,000. Whether commission income can be shown under the head 'Income from other sources'?

A : From the details, it appears that the main activity of the assessee is of running clinic and, hence commission can be shown under the head 'Income from other sources'. However, if the commission is related to main activity, then such income should be shown as business income.

Q : One of my clients is making payment of premium on his brother's policy and housing loan repayment of property which is in the name of his mother, can he take benefit under the Income-tax Act?

A : Deduction under section 80C is available in respect of premium paid by an individual in respect of life insurance policy taken on the life of the individual or his/her spouse or any children of such individual, thus, no deduction is available in respect of premium paid in respect of policy taken in the name brother of the individual. An individual can claim deduction in respect of repayment of housing loan taken by him. To claim deduction, the property should be owned (or jointly owned) by the individual and the assessee should be borrower (or co-borrower). In case of co-borrowing, deduction is available in respect of proportion of loan repaid by the assessee (i.e., his share). Thus, no deduction can be claimed by an assessee in respect of housing loan taken in respect of property owned by his mother.

Q : Whether there is any limit of deduction under section 80C in respect of amount deposited in a Public Provident Fund?

A : Yes, the amount of deduction in respect of amount deposited in a Public Provident Fund cannot exceed Rs. 70,000 per account per annum. It should be noted that there is no such restriction under the Income-tax Act, but as per Provident Fund scheme, amount of deposit in Public Provident Fund cannot exceed Rs. 70,000 per annum. It should be noted that overall deduction under section 80C, 80CCC and 80CCD cannot exceed Rs. 1,00,000.

Q : Whether coaching fee paid to private coaching institutes is eligible for deduction under section 80C?

A : Under section 80C, deduction is available to an individual in respect of payment of tuition fees (excluding development fees, donation or similar payments) paid at the time of admission or thereafter, to any university, school, college or other educational institution situated in India, for full time education of any two children of the assessee. Based on above, no deduction can be claimed in respect of fees paid to

private coaching institutions.

Q : Whether limit of Rs.1 lakh is for section 80C or whole of the Chapter VI A?

A : Limit of Rs.1 lakh is applicable in respect of deduction under section 80C,80CCC and 80CCD. The quantum of deduction in respect of other sections is specified in the respective sections. Thus, the limit of Rs. 1,00,000 is applicable in respect of total deduction under section 80C, 80CCC and 80CCD and not any other section.

Q : When an assessee claims deduction under section 80C in respect of repayment of housing loan and subsequently sells the property within 5 years, what will be tax treatment of such deduction?

A : If an assessee has claimed deduction under section 80C in respect of repayment of housing loan and subsequently the residential property is transferred within a period of five years from the date of its acquisition, then following provisions shall apply in respect of tax treatment of deduction claimed under section 80C :1) No deduction under section 80C shall be allowed in respect of repayment of installment made by the assessee during the pervious year in which the property is transferred by the assessee.2) The amount of deduction claimed under section 80C which was already taken in earlier years (in respect of such loan) shall be deemed as taxable income of the pervious year in which the property is transferred.

Source : <http://savingwala.com/>