

### 3 How to Save Income Tax ?

An assessee should always calculate the estimated income tax at the beginning of the year and start investing for tax saving purpose, as per their convenience so that at the end of the year the burden of investment and payment of tax doesn't come together:

Income tax can be saved by opting any /all options, available as following:

1. **By Investment :** Assessee should invest in such a way that aggregate amount of investment made in various schemes under section 80C, 80CCC & 80CCD should not be more than Rs.1.5 Lakh u/s 80CCE/ *but excluding the contribution of employer towards NPS up to maximum 10 % of the salary*]:
  - U/s 80C: Under this section maximum investment of Rs. 1.5 Lakh can be made in saving schemes like GPF / PPF / LIC / GIS / Postal Life Insurance / NSC / NABARD bond / Equity linked Savings Scheme (Tax Saving Mutual Fund) / Fixed deposit (FD) in *Bank/PO for minimum 5year, Sukanya Samridhi Scheme* ; without any sectorial limits.
  - U/s 80CCD: Contribution of assessee up to Rs. 2 Lac and contributions of Employer in NPS up to a maximum Limit of 10 % of salary, allowed separately as deduction from taxable income.
  - U/s 80CCC: Max. Rs.1,50,000 for pension plan of any approved life insurance Co.
  - U/s 80CCG: Deduction @ 50% of amount invested in equity share under *Rajiv Gandhi Equity Scheme* for a new retail investor subject to maximum Rs.25000.
  - U/s 80D: Health Insurance: *Amount paid towards* Health insurance premium and preventive health check up to Rs. 25,000 for self / life partner / children and additional amount up to Rs. 25,000 for parents, Rs. 30, 000 in case of senior citizens)
2. **By expenses:** Expenditure made towards Tuition fees and repayment of principle of housing loan, can be claimed as deduction from income u/s 80 CCE under overall limit of Rs.1.5 Lakh and expenditure made towards payment of interest on education loan taken for self, spouse and children for higher studies in any subject after schooling, can be claimed as deduction u/s 80E without any upper limit.
3. **By acquiring House property from borrowed capital:** Housing Loan can be taken for construction or purchase of house property for self-occupation. U/s 24, Accrued (interest due for payment or paid) interest on this loan can be deducted from income, up to a limit of Rs. 2,00,000 yearly. Similarly accrued interest on loan taken for renovation/ repairing of own house can be deducted up to Rs.30,000 yearly from the income .
4. **By claiming for other Permissible Deductions U/c VI:** If you are eligible for any other deductions allowed under chapter VIA [Pl. see pg 51 ] then tax can be saved by claiming the eligible deduction along with relevant documents.
5. **By giving donation:** Donations given to approved institutions (U/s 80G) and Political parties (U/s 80GGC) [Pl. see page 56] are eligible for deduction from taxable income.

