TAX BENEFITS DUE TO LIFE INSURANCE POLICY, HEALTH INSURANCE POLICY AND EXPENDITURE ON MEDICAL TREATMENT

Introduction

Payment of premium on life insurance policy and health insurance policy not only gives insurance cover to a taxpayer but also offers certain tax benefits. In this part you can gain knowledge about deductions available to a taxpayer on account of payment of life insurance premium, payment of health insurance premium and expenditure on medical treatment.

Total income from all the heads of income is called as “Gross Total Income” (GTI). To arrive at taxable income, one has to deduct from GTI, the deductions allowable under Chapter VIA (i.e., under section 80C to 80U). In other words, we can say that Taxable Income = Gross Total Income less Deductions under section 80C to 80U.

Following general rules should be kept in mind before claiming these deductions under section 80C to 80U:

1) No deduction under Chapter VI-A (under section 80C to 80U) shall be allowed from the following income:
   i) Long-Term Capital Gains.
   ii) Short-Term Capital Gains covered under section 111A.
   iii) Winnings from lotteries, horse race, etc., referred to in section 115BB.
   iv) Income covered under sections 115A, 115AB, 115AC, 115AD, 115BBA and 115D.

2) The aggregate amount of deduction under section 80C to 80U cannot exceed GTI (i.e., GTI excluding incomes referred to above).

The list of deductions under section(s) 80C to 80U is quite long, however, in this part we will gain knowledge on some major deductions covering deductions available to a taxpayer on account of payment of life insurance premium, investment in PPF/NSC, payment of health insurance premium and expenditure on medical treatment.

Deduction in respect of Life Insurance Premium, PPF, NSC, etc. [Section 80C]

Section 80C provides deduction in respect of various items like life insurance premium, investment in Public Provident Fund, investment in NSC, repayment of principal component of housing loan, investment in Post Office Time Deposit Scheme, Senior Citizens Saving Scheme, etc. We will focus on the provisions of section 80C relating to deduction on account of payment of life insurance premium.

Apart from several other items provided under section 80C, a taxpayer, being an individual or a Hindu Undivided Family (HUF), can claim deduction under section 80C in respect of premium on life insurance policy paid by him/it during the year.
Policy to be taken in whose name?

In case of an individual, deduction is available in respect of policy taken in the name of taxpayer or his/her spouse or his/her children. In case of a HUF, deduction is available in respect of policy taken in the name of any of the members of the HUF.

No deduction is available in respect of premium paid in respect of policy taken in the name of any person, other than given above.

**Deduction Allowed**

Overall deduction u/s 80C (along with deduction u/s 80CCC & 80CCD) allowed is up to Rs. 1,50,000.

**Restriction on amount of deduction with respect to capital sum assured**

Deduction is restricted to 20% of capital sum assured in respect of policies issued on or before 31-3-2012 and 10% in case of policies issued on or after 1-4-2012. In case of policy taken on or after 1-4-2013 in the name of any person suffering from disability or severe disability referred to in section 80U or suffering from disease or ailment as given in section 80DDB, the limit will be 15% of capital sum assured.

**Minimum holding period**

Following is the minimum holding period in respect of certain investments, deposits, etc., prescribed above which should be kept in mind while claiming deduction under section 80C:

<table>
<thead>
<tr>
<th>Nature of Investments/Deposits</th>
<th>Minimum Holding Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>ULIP of UTI or LIC</td>
<td>5 years</td>
</tr>
<tr>
<td>Life insurance policy</td>
<td>2 years</td>
</tr>
<tr>
<td>Senior Citizens Saving Scheme and Post Office Time Deposit</td>
<td>5 years</td>
</tr>
</tbody>
</table>

If any of the aforesaid investments, subscriptions, etc., is terminated, sold, etc., before the minimum holding period specified above, then the deduction allowed in earlier years would be deemed as income of the previous year of termination, sale, etc. Further, no deduction will be allowed in respect of contribution, payment, etc., made towards such policy, units, etc. (i.e., which is terminated) during the year of termination.

In case of withdrawal during the life time of depositor from Senior Citizens Savings Scheme or Post Office Time Deposit before the aforesaid period (i.e., before 5 years), the amount received on such withdrawal (excluding interest which is already taxed in earlier years) will be charged to tax in the year of withdrawal.
Illustration

Mr. Raja had made the following payments during the financial year 2018-19 to avail of the advantage of deduction under section 80C:

1. Premium paid on his life insurance policy of Rs. 8,400. Policy was taken in April 2011 and sum assured was Rs. 25,000.
2. Premium of Rs. 1,000 on his another life insurance policy. Premium was due in March 2019 but was actually paid in April 2019.
3. Premium of Rs. 30,000 on life insurance policy taken in the name of his wife. Policy was taken in April 2012 and sum assured was Rs. 2,00,000.
4. Premium of Rs. 30,000 on life insurance policies taken in the name of his three children (one is minor daughter, second is major married daughter and third is major married son, who is a practicing engineer). The policies are term plans and premium on all the policies worked out to be 5% of capital sum assured.
5. Premium on life insurance policy taken in the name of his parents who are dependent on him. Premium paid during the year amounted to Rs. 25,200.
6. Premium on life insurance policy taken in the name of parents of his spouse who are dependent on him. Premium paid during the year amounted to Rs. 2,520.
7. Premium on life insurance policy taken in the name of his younger brother and sister dependent on him. Premium paid during the year amounted to Rs. 5,000.
8. Investment in PPF Rs. 60,000.
9. Investment in NSC Rs. 10,000. Interest accrued during the year on NSC amounted to Rs. 1,000.
10. Payment of tuition fees of his minor daughter Rs. 5,000.
11. Repayment of housing loan Rs. 12,000.
12. Investment in post office time deposit Rs. 10,000.

What will be the quantum of deduction under section 80C for the year 2018-19 which Mr. Raja will be entitled to claim in respect of above payments?

(A) The taxpayer can claim deduction under section 80C in respect of premium on life insurance policy paid by him during the year. Deduction is available in respect of policy taken in the name of taxpayer, his spouse and his children. No deduction is available in respect of premium paid in respect of policy taken in the name of any person other than given above. Deduction is restricted to 20% of capital sum assured in respect of policies issued on or before 31-3-2012 and 10% in case of policies issued on or after 1-4-2012. Considering the above provisions, deduction in respect of life insurance premium will be as follows:

1) In respect of premium of Rs. 8,400 on his life insurance policy which is taken in April 2011, deduction will be restricted to 20% of capital sum assured. Sum assured is Rs. 25,000 and 20% of the same will work out to be Rs. 5,000. Hence, out of Rs. 8,400, he will be eligible to claim deduction of Rs. 5,000.
2) Deduction under section 80C is available on payment basis. In respect of premium of Rs. 1,000 on his another policy (which is due in March), no deduction will be available in current year, since the premium is not paid in the current year. Premium is paid in next year and hence, he can claim deduction of Rs. 1,000 in next year.

3) In respect of premium of Rs. 30,000 on life insurance policy taken in the name of his wife, deduction will be restricted to 10% of capital sum assured. Sum assured is Rs. 2,00,000 and 10% of the same will work out to be Rs. 20,000, hence, out of Rs. 30,000, he will be eligible to claim deduction of Rs. 20,000.

4) Premium in respect of policy taken in the name of his children works out to be 5% of capital sum assured. Hence, entire amount of premium of Rs. 30,000 will be eligible for deduction. Further, it should be noted that deduction is allowed for all children irrespective of the fact whether they are dependent/independent, major/minor, or married/unmarried.

5) No deduction is available on account of premium paid in respect of policy taken in the name of any person other than the taxpayer, his spouse and his children. Hence, no deduction will be available in respect of premium paid by him on policy taken in the name of his parents, parents of his spouse and his brother/sister.

6) Total premium eligible for deduction under section 80C will amount to Rs. 55,000 (Rs. 5,000 + Rs. 20,000 + Rs. 30,000).

(B) The taxpayer can claim deduction under section 80C in respect of any contribution made by him towards statutory provident fund or recognised provident fund or approved superannuation fund or public provident fund (PPF). Thus, contribution to PPF of Rs. 60,000 will be eligible for deduction under section 80C.

(C) The taxpayer can claim deduction under section 80C in respect of amount paid by him towards purchase of NSC. Hence, he will be able to claim deduction under section 80C in respect of Rs. 10,000 paid by him towards purchase of NSC.

Accrued interest on NSC is taxed in the hands of the receiver and the same will be treated as an investment during the year of accrual (except for last year) and will qualify for deduction under section 80C. Hence, accrued interest of Rs. 1,000 will be treated as taxable income and on the same hand will also qualify for deduction under section 80C.

(D) The taxpayer can claim deduction under section 80C in respect of amount paid by him during the year towards 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 taxpayer. Hence, Rs. 5,000 paid by him on account of tuition fees of his minor daughter will qualify for deduction under section 80C.

(E) The taxpayer can claim deduction under section 80C in respect of amount paid by him towards repayment of housing loan. Hence, Rs. 12,000 paid by him on account of repayment of housing loan will qualify for deduction under section 80C.

(F) The taxpayer can claim deduction under section 80C in respect of investment made by him in post office time deposit. Hence, he can claim deduction of Rs. 10,000 under section 80C.
Considering above eligible items given in (A) to (F), the eligible amount of deduction will come to Rs. 1,53,000 (*)

However, total deduction under section 80C cannot exceed Rs. 1,50,000, hence, deduction will be limited to Rs. 1,50,000. In other words, Mr. Raja can claim deduction of Rs. 1,50,000 under section 80C.

(*) Rs. 55,000 LIP + Rs. 60,000 PPF + Rs. 11,000 NSC +Rs. 5,000 tuition fees + Rs. 12,000 housing loan + Rs. 10,000 time deposits.

Deduction in respect of medical insurance premium [Section 80D]

As per section 80D, an individual or a HUF can claim deduction in respect of the following payments:

1) Medical insurance premium paid by assesse, being individual/HUF by any mode other than cash.
2) Any contribution made by assesse, being individual, to Central Government Health Scheme or such other Scheme as may be notified by the Central Government.
3) Sum paid by assesse, being individual on account of preventive health check-up.
4) Medical expenditure incurred by assesse, being individual/HUF on the health of a senior citizen person provided that no amount has been paid to effect or to keep in force an insurance on the health of such person

Policy to be taken or expenditure to be incurred in whose name?

In case of an individual, deduction is available in respect of medical insurance policy taken in his own name, or in the name his/her spouse, his/her parents and his/her dependent children. In case of HUF, the policy can be taken on the health of any member of such HUF.

Deduction on account of medical expenditure shall be allowed only when it is incurred on the health of the aforementioned persons who are senior citizens.

'senior citizen' means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year.

Amount of deduction

(1) In case of an individual, amount of deduction cannot exceed:

a. Rs. 25,000, in aggregate, in respect of medical insurance premium or any payment made for preventive health check-up (*). [This deduction is available if payment is made for benefit of assesse, himself or his/her spouse or dependent children]
b. Rs. 25,000, in aggregate, in respect of medical insurance premium or any payment made for preventive health check-up (*). [This deduction is available if payment is made for benefit of parents of assesse.]
c. Rs 25,000 in aggregate in respect of contribution made to the Central Government Health Scheme or any scheme notified by the Central Government [This deduction is available if payment is made for benefit of assesse, himself, his/her spouse or dependent children]
d. Rs 50,000 in aggregate in respect of medical expenditure incurred on the health of assessee, himself, his/her spouse or dependent children or parents. [This deduction is available if amount is paid for benefit of a senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person.]

(*) total amount of deduction for the expenditure incurred on preventive health check-up of assessee, his family and parents could not exceed Rs. 5,000.

Note: In aforesaid clauses of a, b and c, additional deduction of Rs 25,000 is available when medical insurance is taken on the life of senior citizen.

Amount of deduction in case of HUF

(2) In case of a HUF, amount of deduction cannot exceed Rs. 25,000, in aggregate, in respect of premium paid by it on health of any member of such HUF.

The aforesaid limit of Rs. 25,000 will be increased to Rs. 50,000 in following situation:

a) When the premium is paid in respect of any senior citizen (i.e., any resident individual of the age of 60 years or above).

b) When medical expenditure is incurred on the health of a senior citizen person if no amount is paid in respect of health insurance of such person

Mode of Payments

Payment should be made by any mode other than cash (however, payment on account of preventive health check-up can be made in cash).

Illustration

Mr. Raja (age 40 years) has made the following payments during the financial year 2018-19:

1) Payment of medical insurance premium on his policy of Rs. 15,000.
2) Payment of medical insurance premium on policy of his spouse Rs. 4,000.
3) Payment of medical insurance premium on policy of his younger daughter who is dependent on him Rs. 3,000.
4) Payment of medical insurance premium on policy of his elder daughter who is self-employed and not dependent on him Rs. 5,000.
5) Payment of medical insurance premium on policy of his parents (resident and aged 68 years), Rs. 18,000 on policy of his father and Rs. 18,000 on policy of his mother. Both are dependent on brother of Mr. Raja.
6) Payment of Rs. 3,000 towards expenditure on preventive health check-up (for his own check-up and check-up of his wife).

Advice Mr. Raja regarding the admissible deduction under section 80D for the year 2016-17.

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Considering the above provisions, the deduction in case of Mr. Raja will be as follows:

1) Medical insurance premium on his policy of Rs. 15,000 will qualify for deduction.
2) Medical insurance premium on policy of his spouse of Rs. 4,000 will qualify for deduction.
3) Medical insurance premium on policy of Rs. 3,000 of his younger daughter who is dependent on him will qualify for deduction. However, premium of Rs. 5,000 on policy of elder daughter who is not dependent on him will not qualify for deduction.
4) Medical insurance premium on policy of his parents of Rs. 36,000 will qualify for deduction (being Senior Citizens).
5) Expenditure on preventive health check-up will also qualify for deduction, but, it will be restricted to Rs. 3,000 only (as the overall limit of deduction under section 80D in respect of assessee and his family cannot exceed Rs. 25,000).

Thus, total deduction under section 80D will amount to Rs. 22,000 on account of expenditure on premium paid in respect of his own health, health of his spouse and dependent daughter and Rs. 36,000 in respect of premium paid on policy of his parents. Deduction on account of expenditure on preventive health check-up will be Rs. 3,000.

Total deduction under section 80D will amount to Rs. 61,000 (Rs. 22,000 + Rs. 36,000 + Rs. 3,000).

**Deduction in respect of expenditure on training/medical treatment of a dependent, being a person with disability [Section 80DD]**

A resident individual/HUF, incurring expenditure on maintenance of relative dependent, being a person with disability, can claim deduction under section 80DD. Deduction is available in respect of any of the following:

(a) Expenditure incurred on medical treatment (including nursing), training, rehabilitation of a dependent person with disability.

(b) Amount paid or deposited under a scheme of LIC or any other insurer or UTI or specified company duly approved by the Board, for maintenance of dependent person with disability.

**Dependent person with disability means:**

1) In case of an individual, it will include spouse, children, parents, brothers and sisters of the individual, or any of them who is mainly or wholly dependent on such individual; and
2) In case of a HUF, it will include any member of the HUF, who is mainly or wholly dependent on such HUF.

Provided that such dependent person has not claim any deduction under section 80U.

**Disability Means:**

Such person is suffering from a specified disability which generally includes blindness, low vision, leprosy-cured, hearing impairment, locomotor’s disability, mental retardation and mental illness [see section 2(i) of the Person with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995], it will also include “autism”,
“cerebral palsy”, and “multiple disability”, referred to in clauses (a), (c) and (h) of section 2 of National Trust for welfare of Person with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999.

Person with severe disability means:-
1. A person with 80% or more of one or more disabilities, as referred to in section 56(4) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996); or
2. A person with severe disability referred to in clause (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).

Amount of deduction
If the taxpayer incurs any expenditure as mentioned in (a) or (b) above, then a flat deduction of Rs. 75,000 is available, irrespective of the amount of such expenditure. However, if the dependent person is suffering from severe disability (i.e., disability of 80% or above), then the amount of deduction will be Rs. 1,25,000.

Other points to be kept in mind
Following important points should be kept in mind while claiming deduction under section 80DD:
1. The taxpayer should obtain a copy of certificate (Form No. 10-IA) issued by the medical authority (fresh certificate is required in case of reassessment of disability after the expiry of the period mentioned in original certificate).
2. If the dependent predeceases the taxpayer or the member of HUF referred to above, then amount paid or deposited in (b) above, shall be charged to tax in the hands of the taxpayer for the previous year in which such sum is received.

Illustration
Brother of Mr. Raja (a resident) is totally blind and is dependent on Mr. Raja. During the year 2018-19, Mr. Raja has incurred expenditure of Rs. 10,000 on training and rehabilitation of his brother. Can Mr. Raja claim any deduction in respect of expenditure incurred by him on maintenance of his physically handicapped brother?

In this case, all the criteria of section 80DD are satisfied and hence, Mr. Raja can claim a flat deduction of Rs. 1,25,000 under section 80DD (since his brother is suffering from 100% disability).

Suppose in the above case, instead of 100% disability, his brother is suffering from disability of less than 80%, then the amount of deduction will be limited to Rs. 75,000.

Deduction in respect of expenditure on medical treatment of specified diseases [Section 80DDB]
As per section 80DDB, a taxpayer can claim deduction in respect of expenditure incurred by him on medical treatment of specified diseases. The provisions in this regard are as follows:
1) Deduction under section 80DDB can be claimed by an individual or a HUF, who is resident in India.

2) Deduction is available in respect of amount actually paid by the taxpayer on medical treatment of specified disease or ailment (prescribed by the Board, see rule 11DD for prescribed disease or ailment).

3) In case of an individual, the aforesaid expenditure should be incurred on medical treatment of an individual or wholly/mainly dependent spouse, children, parents, brothers and sisters of the individual; and

4) In case of a HUF, expenditure should be incurred on the medical treatment of any member of the family, who is wholly/mainly dependent on such HUF.

The taxpayer has to obtain the prescription for the medical treatment from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist, as may be prescribed.

**Amount of deduction**

Amount of deduction will be lower of the following:

(a) amount actually paid on medical treatment specified above; or

(b) Rs. 40,000.

However, the limit of Rs. 40,000 will be increased to Rs. 1,00,000, if the expenditure is incurred on medical treatment of a senior citizen (i.e., any resident individual of age of 60 years or above.

**Other points to be kept in mind**

Following important points should be kept in mind while claiming deduction under section 80DDB:

1. The taxpayer should obtain a copy of certificate (Form No. 10-I) issued by a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist, as may be prescribed, working in a Government hospital.

2. From the amount of deduction computed in aforesaid manner, amount, if any, received by the taxpayer from any insurer or from his employer, by way of reimbursement for such expenditure shall be deducted.

**Illustration**

During the financial year 2018-19, Mr. Raja spent Rs. 1,00,000 on medical treatment of specified diseases of his brother (age 48 years) who is wholly dependent on him. He received Rs. 25,000 by way of reimbursement of such expenditure from a medical insurance policy. Can he claim any deduction in respect of expenditure incurred by him on medical treatment of specified diseases?

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In this case, all the conditions of section 80DDB are satisfied and hence, Mr. Raja can claim deduction under section 80DDB. Deduction under section 80DDB will come to Rs. 15,000 (i.e., Rs. 40,000 maximum limit of deduction – Rs. 25,000 reimbursement from a medical insurance policy). If his brother is a senior citizen (i.e. resident and of the age of
60 years of above), then the amount of deduction will be Rs. 75,000 (i.e., Rs. 1,00,000 maximum limit of deduction – Rs. 25,000 reimbursement).

Suppose, in above cases, the amount received from insurance policy is Rs. 65,000 instead of Rs. 25,000, then:

In First situation, the amount of deduction will be nil, since the amount of reimbursement exceeds the maximum amount of deduction i.e., Rs. 40,000.

In Second situation, the amount of deduction will be Rs. 35,000 (i.e., Rs. 1,00,000 maximum amount of deduction minus Rs. 65,000 reimbursement)
MCQ ON TAX BENEFITS DUE TO LIFE INSURANCE POLICY, HEALTH INSURANCE POLICY AND EXPENDITURE ON MEDICAL TREATMENT

**Q1.** Taxable Income = Gross Total Income less Exempt income.
(a) True (b) False

Correct answer : (b)

Justification of correct answer : 
Taxable Income = Gross Total Income less Deductions under section 80C to 80U. Taxable income is also called total income. Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q2.** Premium on life insurance policy can be claimed as deduction under section 80C. In case of an individual, deduction is available in respect of policy taken in the name of taxpayer or his/her spouse or his/her children. In case of a HUF, deduction is available in respect of policy taken in the name of karta.
(a) True (b) False

Correct answer : (b)

Justification of correct answer : 
Premium on life insurance policy can be claimed as deduction under section 80C. In case of an individual, deduction is available in respect of policy taken in the name of taxpayer or his/her spouse or his/her children. In case of a HUF, deduction is available in respect of policy taken in the name of any of the members of the HUF. Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q3.** Overall deduction u/s 80C (along with deduction u/s 80CCC & 80CCD(1)) allowed is up to Rs. _______.
(a) 1,00,000 (b) 1,50,000 (c) 2,00,000 (d) 2,50,000

Correct answer : (b)

Justification of correct answer : 
Overall deduction u/s 80C (along with deduction u/s 80CCC & 80CCD(1)) is up to Rs. 1,50,000. Thus, option (b) is the correct option.
Q4. Deduction under section 80C in respect of life insurance premium is restricted to 20% of capital sum assured in respect of policies issued on or before 31-3-2012 and ______% of capital sum assured in case of policies taken on or after 1-4-2012.

(a) 5  
(b) 10  
(c) 20  
(d) 25

Correct answer: (b)

Justification of correct answer:
Deduction under section 80C in respect of life insurance premium is restricted to 20% of capital sum assured in respect of policies issued on or before 31-3-2012 and 10% in case of policies issued on or after 1-4-2012. In case of policy taken on or after 1-4-2013 in the name of any person suffering from disability or severe disability referred to in section 80U or suffering from disease or ailment as given in section 80DD, the limit will be 15% of capital sum assured.

Thus, option (b) is the correct option.

Q5. What is the minimum holding period in respect of life insurance policy whose premium is claimed as deduction under section 80C?

(a) 2 years  
(b) 3 years  
(c) 4 years  
(d) 5 years

Correct answer: (a)

Justification of correct answer:
Following is the minimum holding period in respect of certain investments, deposits, etc., prescribed under section 80C which should be kept in mind while claiming deduction under section 80C:

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</tbody>
</table>

Thus, option (a) is the correct option.

Q6. Accrued interest on NSC is taxed in the hands of the receiver but will not qualify for deduction under section 80C.

(a) True  
(b) False

Correct answer: (b)
Justification of correct answer:
Accrued interest on NSC is taxed in the hands of the receiver and the same will be treated as an investment during the year of accrual (except for last year) and will qualify for deduction under section 80C.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q7. The taxpayer can claim deduction under section 80C in respect of amount paid by him during the year towards 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 ____ children of the taxpayer.

(a) one   (b) two  
(c) three  (d) all

Correct answer : (b)

Justification of correct answer:
The taxpayer can claim deduction under section 80C in respect of amount paid by him during the year towards 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 taxpayer.

Thus, option (b) is the correct option.

Q8. The taxpayer can claim deduction under section 80C in respect of amount paid by him towards interest of housing loan.

(a) True   (b) False

Correct answer : (b)

Justification of correct answer:
The taxpayer can claim deduction under section 80C in respect of amount paid by him towards repayment (i.e. principal and not interest) of housing loan.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q9. The taxpayer (being individual/HUF) can claim deduction under section 80D in respect of medical insurance premium paid by him in any mode (including cash).

(a) True   (b) False

Correct answer : (b)

Justification of correct answer:
The taxpayer (being individual/HUF) can claim deduction under section 80D in respect of medical insurance premium paid by him in any mode other than cash. However, payment on account of preventive health check-up can be made in cash.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

Q10. With effect from the assessment year 2013-14, deduction under section 80D is available in respect of expenditure up to Rs. _____ incurred by the individual on preventive health check-up of self, his family and parents.

(a) 5,000  
(b) 10,000  
(c) 15,000  
(d) 20,000

Correct answer: (a)

Justification of correct answer:

With effect from the assessment year 2013-14, deduction is available in respect of expenditure (up to Rs. 5,000) incurred by the individual on preventive health check-up of self, his family and parents.

Thus, option (a) is the correct option.