

PRESS RELEASE

Section 80C of the Income-tax Act provides for a deduction of up to Rs. One lakh to an individual or a Hindu undivided family (HUF) for:-

- (i) making investments in certain savings instruments; or
- (ii) incurring expenditure on tuition fee and repayment of housing loan.

2. With a view to encourage small savings, the Government has taken a policy decision to include the investments made in the following two deposit instruments within the ambit of Section 80C:-

- (i) Five Year Post Office Time Deposit Account; and
- (ii) Senior Citizens Savings Scheme.

3. Therefore, the investment by an individual or a Hindu undivided family (HUF) in these two instruments during the previous year 2007-08 (relevant to assessment year 2008-09), and subsequent years, shall be eligible for deduction under section 80C of the Income-tax Act, subject to the overall ceiling of Rs. One lakh in that section. It is further clarified that investments made on or after 1.4.2007 (i.e. from the beginning of the financial year 2007-08) shall be eligible for this deduction.

4. Drawing and Disbursing Officers (DDOs) may take such investments into consideration while determining the TDS liability of an employee for the previous year 2007-08 (relevant to assessment year 2008-09) and subsequent years.