



**CHAPTER VI-A DEDUCTIONS
UNDER INCOME TAX
ACT, 1961.**

BRIEF OVERVIEW OF CHAPTER VI-A

Part	Name	Sections Covered	No.of Sections	Operational Sections
A	General	80A to 80B	5	4
B	Deductions in respect of certain payments	80C to 80GGC	24	17
C	Deductions in respect of certain incomes	80H to 80TT	42	12
CA	Deductions in respect of other incomes	80TTA & 80TTB	2	2
D	Other Deductions	80U to 80VV	3	1



**SEC 80-M DEDUCTION IN
RESPECT OF CERTAIN INTER-
CORPORATE DIVIDENDS.**

SEC 80M- INTER-CORPORATE DIVIDEND

(1) Where the GTI of a **domestic company** in any previous year includes:

any income by way of dividends from any **other domestic company or a foreign company or a business trust,**

there shall, in accordance with and subject to the provisions of this section,

be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of **income by way of dividends received** from such other domestic company or foreign company or business trust

as does not exceed the amount of dividend distributed by it on or before the due date.

SEC 80M- INTER-CORPORATE DIVIDEND

(2) Where any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under sub-section (1) in any previous year, **no deduction shall be allowed in respect of such amount in any other previous year.**

*Explanation.—For the purposes of this section, the expression "due date" means the date **one month prior** to the date for furnishing the **return of income under sub-section (1) of section 139.***

Note:- This deduction is allowable even if company pays tax u/s 115BAA(New Regime) or 115BAB (Newly Est.Domestic manf. Companies)*.

***The company has been set up and registered on or after 01-10-2019 and has commenced manufacturing on or before 31-03-2024.**



**SEC 80-IAC SPECIAL
PROVISION IN RESPECT OF
SPECIFIED BUSINESS.**

80-IAC- START UPS

(1) Where the GTI of an assessee, being an **eligible start-up**, includes any profits and gains derived from **eligible business**, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to **one hundred per cent** of the profits and gains derived from such business for **three consecutive assessment years**.

(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for **any three consecutive assessment years** out of **ten years** beginning **from the year in which the eligible start-up is incorporated**.

80-IAC-START UPS

(i) **"eligible business"** means a business carried out by an eligible start-up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation;

"eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:—

(a) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2025;

80-IAC-START UPS

(b) the **total turnover of its business does not exceed one hundred crore rupees** in the previous year relevant to the assessment year for which deduction under sub-section (1) is claimed; and

(c) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government; **(DPIIT Recognition Certificate)**

(iii) "**limited liability partnership**" means a partnership referred to in clause (n) of sub-section (1) of section-2 of the Limited Liability Partnership Act, 2008 (6 of 2009).

80-IAC-START UPS

(3) This section applies to a start-up which fulfils the following conditions, namely:—

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of a start-up which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section-33B, in the circumstances and within the period specified in that section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

*(4) The provisions of **sub-section (5) and sub-sections (7) to (11) of section-80-IA** shall apply to the start-ups for the purpose of allowing deductions under sub-section (1).*

80-IAC-START UPS

80-IA(5) – deduction must be computed as if such eligible business were the only **source of income**.

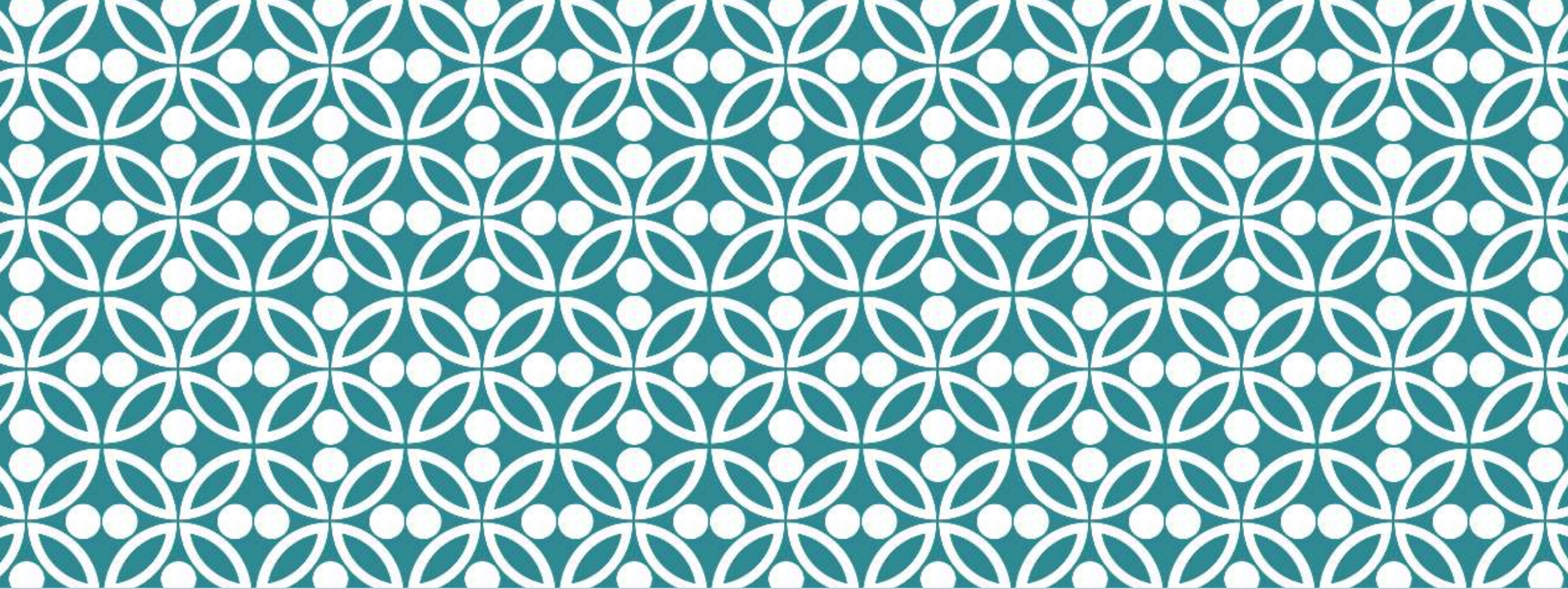
80-IA(7) – provides for compulsory audit & report in **Form 10CCB**.

80-IA(8) – if there are **inter-business transactions** of the assessee, then such transactions should be carried on at **arm's length price**.

80-IA(9) – **No other deduction** can be claimed of same income under **Part C of Chapter VI-A**... i.e. there cannot be claim of double deduction.

80-IA(10) – Where if it appears to AO that, owing close connection between assessee & any other person, a transaction is not carried out arm's length, then he may apply arm's length price for such transaction.

80-IA(11) – The Central Govt. may notify in applicability of this section to certain claim of Industrial Undertaking or enterprise.



**SEC 80-P DEDUCTION IN
RESPECT OF INCOME OF CO-
OPERATIVE SOCIETIES.**

SECTION 80P- DEDUCTION TO CO-OPERATIVE SOCIETIES.

(1) Where, **in the case of an assessee being a co-operative society,**

the GTI includes any income referred to in sub-section (2),

there shall be deducted, in accordance with and subject to the provisions of this section,

the sums specified in sub-section (2), in computing the total income of the assessee.

(2) The sums referred to in sub-section (1) shall be the following, namely:—

(a) in the case of a co-operative society engaged in—

(i) carrying on the business of banking or providing credit facilities to its **members**, or

(ii) a cottage industry, or

(iii) the marketing of agricultural produce grown by its members, or

(iv) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or

(2) (a)

(v) the processing, without the aid of power, of the agricultural produce of its members, or

(vi) the collective disposal of the labour of its members, or

(vii) fishing or allied activities, that is to say, the catching, curing, processing, preserving, storing or marketing of fish or the purchase of materials and equipment in connection therewith for the purpose of supplying them to its members,

the **whole of the amount of profits and gains** of business **attributable** to any one or more of such activities :

Provided that in the case of a co-operative society falling under **sub-clause (vi)**, or **sub-clause (vii)**, the **rules and bye-laws** of the society **restrict** the voting rights to the following classes of its members, namely:—

(1) the individuals who **contribute their labour** or, as the case may be, **carry on the fishing or allied activities**;

(2) the **co-operative credit societies** which provide **financial assistance** to the society;

(3) the State Government;

(2)

(b) in the case of a co-operative society, being a primary society engaged in supplying **milk, oilseeds, fruits or vegetables raised or grown by its members** to—

(i) a **federal co-operative society**, being a society engaged in the business of supplying milk, oilseeds, fruits, or vegetables, as the case may be; or

(ii) the **Government or a local authority**; or

(iii) a **Government company** 11 as defined in section 617 of the Companies Act, 1956 (1 of 1956), or a corporation established by or under a Central, State or Provincial Act (being a company or corporation engaged in supplying milk, oilseeds, fruits or vegetables, as the case may be, to the public),

the whole of the **amount of profits and gains** of such business;

(2)....

(c) in the case of a co-operative society engaged in activities **other than those specified in clause (a) or clause (b)** (either independently of, or in addition to, all or any of the activities so specified), so much of its profits and gains attributable to such activities as does not exceed,—

(i) where such co-operative society is a **consumers' co-operative society, one hundred thousand rupees;** and

(ii) in any other case, **fifty thousand rupees.**

Explanation.—In this clause, "consumers' co-operative society" means a **society for the benefit of the consumers;**

(2)...

(d) in respect of any income by way of **interest or dividends** derived by the co-operative society from **its investments with any other co-operative society**, the **whole of such income**;

(e) in respect of any income derived by the **co-operative society** from **the letting of godowns or warehouses for storage, processing or facilitating the marketing of commodities**, the **whole of such income**;

(2)...

(f) in the case of a co-operative society, not being a housing society or an urban consumers' society or a society carrying on transport business or a society engaged in the performance of any manufacturing operations with the aid of power, **where the gross total income does not exceed twenty thousand rupees**, the amount of any income by way of **interest on securities or any income from house property chargeable under section 22.**

*Explanation.—For the purposes of this section, an "urban consumers' co-operative society" means a society for the benefit of the consumers **within the limits of a municipal corporation, municipality, municipal committee, notified area committee, town area or cantonment.***

(3) In a case where the assessee is entitled also to the deduction under section 80HH or section 80HHA or section 80HHB or section 80HHC or section 80HHD or section 80-I or section 80-IA or section 80J,

the deduction under sub-section (1) of this section, in relation to the sums

specified in clause **(a) or clause (b) or clause (c)** of sub-section (2),

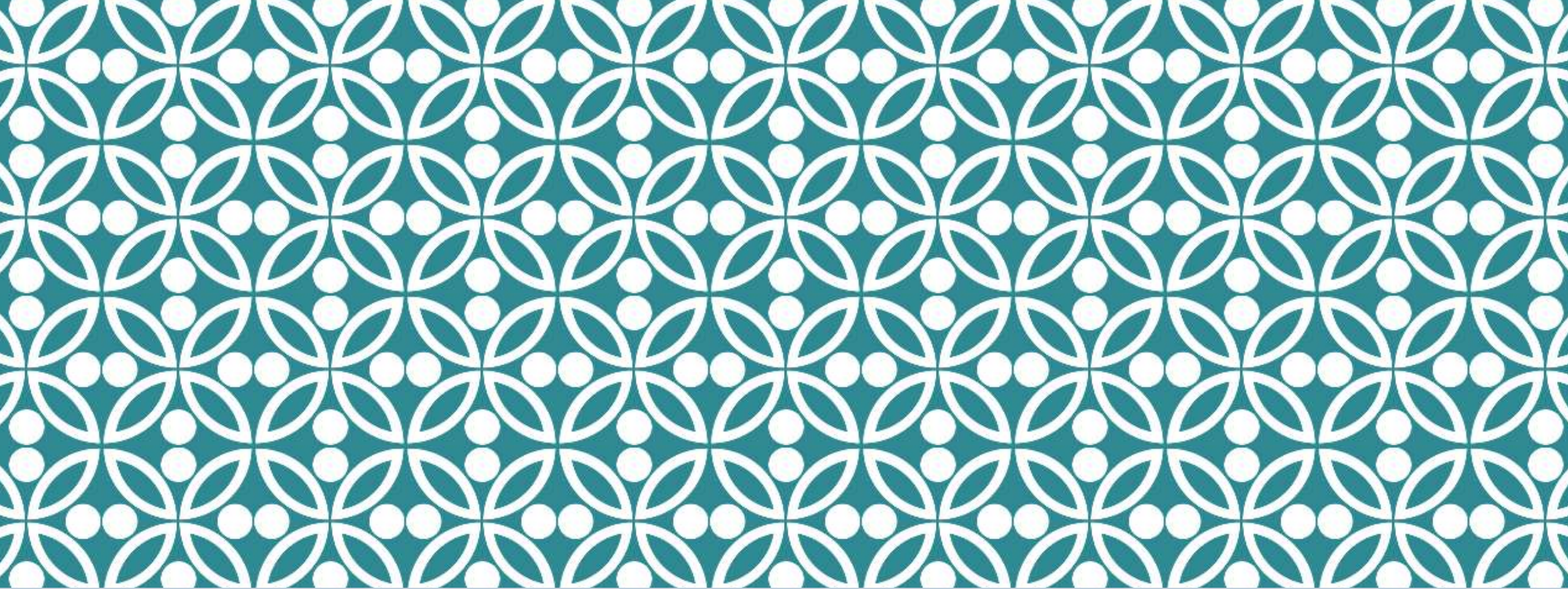
shall be allowed with reference to the income, if any, as referred to in those clauses included in the gross total income as **reduced by the deductions** under section 80HH, section 80HHA, section 80HHB, section 80HHC, section 80HHD, section 80-I, section 80-IA, section 80J and section 80JJ.

(4) The provisions of this section **shall not apply** in relation to any **co-operative bank** other than a **primary agricultural credit society** or a **primary co-operative agricultural and rural development bank**.

Explanation.—For the purposes of this sub-section,—

(a) "co-operative bank" and "primary agricultural credit society" shall have the meanings respectively assigned to them in Part V of the Banking Regulation Act, 1949 (10 of 1949);

(b) "primary co-operative agricultural and rural development bank" means a society having its area of operation confined to a taluk and the principal object of which is to provide for long-term credit for agricultural and rural development activities.



**SEC 80-JJA DEDUCTION IN
RESPECT OF PROFITS AND
GAINS FROM BUSINESS OF
COLLECTING AND PROCESSING
OF BIO-DEGRADABLE WASTE.**

Where the GTI of an assessee includes

any profits and gains derived from the business of collecting and processing or treating of bio-degradable waste for **generating power or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas or making pellets or briquettes for fuel or organic manure,**

there shall be allowed, in computing the total income of the assessee,

a deduction of an amount equal to the **whole of such profits and gains** for a period of **five consecutive assessment years beginning with the assessment year relevant to the previous year in which such business commences.**



**SEC 80-JJAA DEDUCTION IN
RESPECT OF EMPLOYMENT OF
NEW EMPLOYEE.**

(1) Where the GTI of an assessee to **whom section - 44AB applies,**

includes any profits and gains derived from business,

there shall, subject to the conditions specified in sub-section (2),

be allowed a deduction of an amount equal to **thirty per cent of additional employee cost** incurred in the course of such business in the previous year, **for three assessment years** including the assessment year relevant to the previous year in which such employment is provided.

(2) No deduction under sub-section (1) shall be allowed,—

(a) if the business is formed by splitting up, or the reconstruction, of an existing business:

Provided that nothing contained in this clause shall apply in respect of a business which is formed as a result of re-establishment, reconstruction or revival by the assessee of the business in the circumstances and within the period specified in section-33B;

(b) if the business is acquired by the assessee by way of transfer from any other person or as a result of any business reorganization;

(c) unless the assessee furnishes the report of the accountant, as defined in the Explanation below sub-section (2) of section-288, before the specified date referred to in section-44AB giving such particulars in the report as may be prescribed. (Form 10DA)

Explanation.—For the purposes of this section,—

(i) "**additional employee cost**" means the total emoluments paid or payable to additional employees employed during the previous year:

Provided that in the case of an existing business, **the additional employee cost shall be nil, if—**

(a) **there is no increase in the number of employees** from the total number of employees employed as on the **last day of the proceeding year;**

(b) emoluments are **paid otherwise than by an account payee cheque or account payee bank draft or by use of electronic clearing system** through a bank account or through such other electronic mode as may be prescribed:

Provided further that in the **first year of a new business**, emoluments paid or payable to employees employed during that previous year shall be deemed to be the additional employee cost;

(ii) "**additional employee**" means an employee who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year, **but does not include—**

(a) an employee whose total emoluments are **more than twenty-five thousand rupees per month**; or

(b) an employee for whom the entire contribution is paid by the Government under the Employees' Pension Scheme notified in accordance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952); or

(c) an employee employed for a period of **less than two hundred and forty days during the previous year**; or

(d) an employee who **does not participate** in the **recognised provident fund**:

Provided that in the case of an assessee who is **engaged in the business of manufacturing of apparel or footwear or leather products**, the provisions of sub-clause (c) shall have effect as if for the words "**two hundred and forty days**", the words "**one hundred and fifty days**" had **been substituted**:

Provided further that where an employee is employed during the previous year for a period of less than two hundred and forty days or one hundred and fifty days, as the case may be, but is employed for a period of two hundred and forty days or one hundred and fifty days, as the case may be, in the immediately succeeding year, he shall be deemed to have been employed in the succeeding year and the provisions of this section shall apply accordingly;

(iii) "**emoluments**" means any sum **paid or payable** to an employee in **lieu of his employment** by whatever name called, but does not include—

(a) any contribution paid or payable by the **employer to any pension fund or provident fund** or any other fund for the benefit of the employee under any law for the time being in force; and

(b) **any lump sum payment paid** or payable to an employee **at the time of termination of his service** or superannuation or voluntary retirement, such as gratuity, severance pay, leave encashment, voluntary retrenchment benefits, commutation of pension and the like.

(3) The provisions of this section, as they stood immediately prior to their amendment by the Finance Act, 2016, shall apply to an assessee eligible to claim any deduction for any assessment year commencing on or before the 1st day of April, 2016.

Note:- This deduction is allowable even if entity pays tax u/s 115BA, 115BAA or 115BAB, 115BAC, 115BAD, 115BAE as the case may be



**SEC 80QQB- DEDUCTION IN
RESPECT OF ROYALTY INCOME,
ETC, OF AUTHOR OF CERTAIN
BOOKS OTHER THAN TEXT-
BOOKS.**

(1) Where, in the case of an **individual resident in India**, being an author, the gross total income includes any income,

derived by him in the **exercise of his profession, on account of any lump sum consideration** for the assignment or grant of any of his interests in the copyright of any book being a work of literary, artistic or scientific nature,

or

of **royalty or copyright fees** (whether receivable in lump sum or otherwise) in respect of such book,

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such income, computed in the manner specified in sub-section (2).

(2) The deduction under this section shall be equal to the **whole of such income** referred to in sub-section (1), or an amount of **three lakh rupees, whichever is less** :

*Provided that where the income by way of such royalty or the copyright fee, is **not a lump sum consideration** in lieu of all rights of the assessee in the book, so much of the income, before **allowing expenses** attributable to such income, as is in excess of **fifteen per cent of the value of such books sold** during the previous year shall be ignored :*

*Provided further that in respect of any income earned from any **source outside India**, so much of the income shall be taken into account for the purpose of this section as is **brought into India** by, or on behalf of, the assessee in **convertible foreign exchange within a period of six months from the end of the previous year** in which such income is earned or within such further period as the competent authority may allow in this behalf.*

(3) **No deduction** under this section shall be allowed unless the assessee furnishes a certificate (**Form 10CCD**) in the prescribed form and in the prescribed manner, duly verified by any person responsible for making such payment to the assessee as referred to in sub-section (1), along with the return of income, setting forth such particulars as may be prescribed.

(4) **No deduction** under this section shall be allowed in respect of any income earned from **any source outside India**, unless the assessee furnishes a certificate, in the prescribed form (**Form 10H**) from the prescribed authority (**RBI**), along with the return of income in the prescribed manner.

(5) Where a deduction for any previous year has been **claimed and allowed** in respect of any income referred to in this section, **no deduction in respect of such income** shall be allowed under any other provision of this Act in **any assessment year**.

Explanation.—For the purposes of this section,—

(a) "author" includes a joint author;

(b) "books" shall not include brochures, commentaries, diaries, guides, journals, magazines, newspapers, pamphlets, text-books for schools, tracts and other publications of similar nature, by whatever name called;

(c) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange;

(d) "lump sum", in regard to royalties or copyright fees, includes an advance payment on account of such royalties or copyright fees which is not returnable.



**SEC 80RRB- DEDUCTION IN
RESPECT OF ROYALTY ON
PATENTS.**

(1) Where in the case of an assessee, being an individual, who is—

(a) **resident in India;**

(b) **a patentee;**

(c) in receipt of any income by way of royalty in respect of a patent registered on or after the 1st day of April, 2003 under the Patents Act, 1970 (39 of 1970), and

his gross total income of the previous year includes **royalty**, there shall, in accordance with and subject to the provisions of this section, be allowed a deduction, from such income, of an amount equal to the **whole of such income or three lakh rupees, whichever is less:**

Provided that **where a compulsory license** is granted in respect of any patent under the Patents Act, 1970 (39 of 1970), **the income by way of royalty for the purpose of allowing deduction** under this section **shall not exceed the amount of royalty under the terms and conditions** of a license settled by the Controller under that Act:

Provided further that in respect of **any income earned from any source outside India**, so much of the income, shall be taken into account for the purpose of this section **as is brought into India** by, or on behalf of, **the assessee in convertible foreign exchange within a period of six months** from the end of the previous year in which such income is earned or within such further period as the competent authority referred to in clause (c) of the Explanation to section 80QQB may allow in this behalf.

(2) No deduction under this section shall be allowed unless the assessee furnishes a certificate in the prescribed form (**Form 10CCE**), duly signed by the prescribed authority, along with the return of income setting forth such particulars as may be prescribed.

(3) No deduction under this section shall be allowed in respect of any income earned from **any source outside India**, unless the assessee furnishes a certificate in the prescribed form (**Form 10H**), from the authority or authorities (**RBI**), as may be prescribed, along with the return of income.

(4) Where a deduction for any previous year has been claimed and allowed in respect of any income referred to in this section, **no deduction in respect of such income shall be allowed**, under any other provision of this Act in any assessment year.

Explanation.—For the purposes of this section,—

(a) "Controller" shall have the meaning assigned to it in clause (b) of sub-section (1) of section 2 of the Patents Act, 1970 (39 of 1970);

(b) "lump sum" includes an advance payment on account of such royalties which is not returnable;

(c) "patent" means a patent (including a patent of addition) granted under the Patents Act, 1970 (39 of 1970);

(d) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the Patents Act, 1970 (39 of 1970), and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;

(e) "patent of addition" shall have the meaning assigned to it in clause (q) of sub-section (1) of section 2 of the Patents Act, 1970 (39 of 1970);

(f) "patented article" and "patented process" shall have the meanings respectively assigned to them in clause (o) of sub-section (1) of section 2 of the Patents Act, 1970 (39 of 1970);

(g) "royalty", in respect of a patent, means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or of the patented article for commercial use) for—

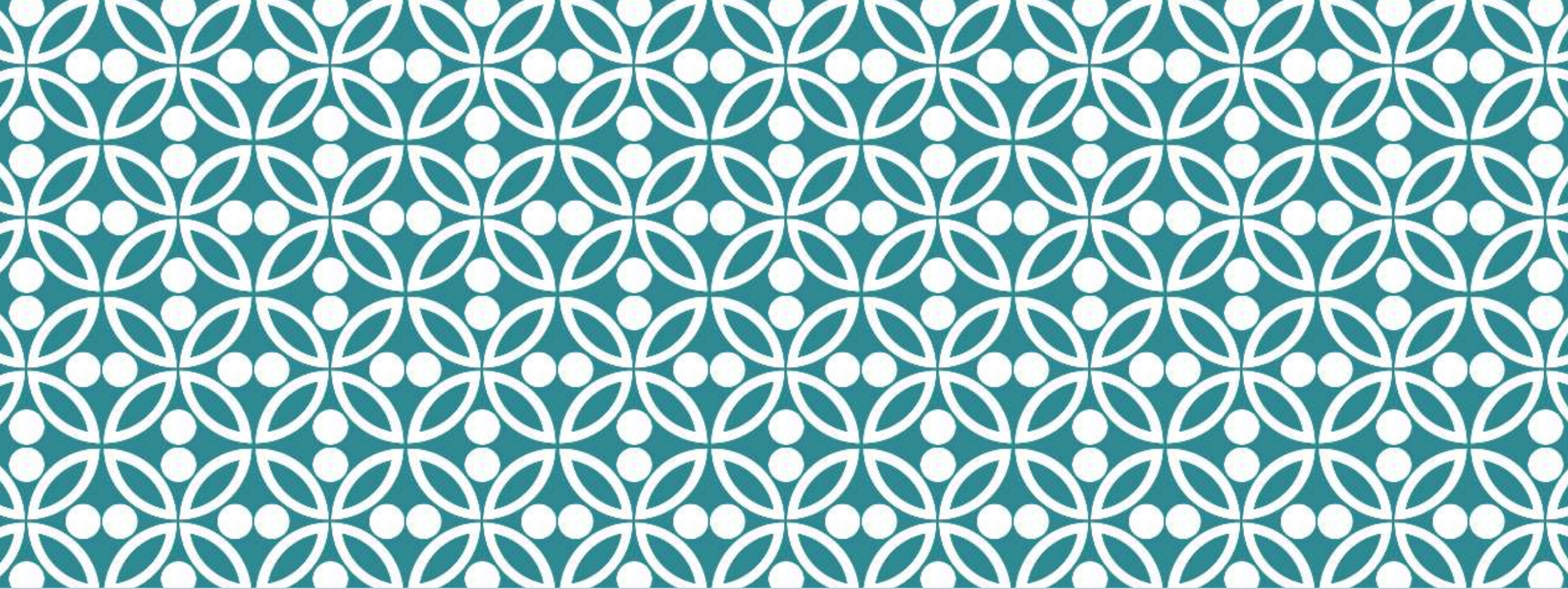
(i) the transfer of all or any rights (including the granting of a license) in respect of a patent; or

(ii) the imparting of any information concerning the working of, or the use of, a patent; or

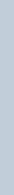
(iii) the use of any patent; or

(iv) the rendering of any services in connection with the activities referred to in sub-clauses (i) to (iii);

(h) "true and first inventor" shall have the meaning assigned to it in clause (y) of sub-section (1) of section 2 of the Patents Act, 1970 (39 of 1970).



**ALLOWABILITY V/S
ELIGIBILITY.**



Section 80A – Deductions to be made in computing total income.

- (1) In computing the total income of an assessee, there shall be allowed from his gross total income, in accordance with and subject to the provisions of this Chapter, the deductions specified in sections 80C to 80U.

- (2) The aggregate amount of the deductions under this Chapter shall not, in any case, exceed the gross total income of the assessee.

- (4) Non-Obstante clause to state that, any income can be claimed as deduction only once under one of the applicable sections and there cannot be any double deduction.

- (5) If assessee fails to make a claim in his return of income, no deduction shall be allowed

(6) States that - In order to claim deduction under Part C – transaction has to be carried out at arm's length price

(7) Where a deduction under any provision of this Chapter under the heading "C.—Deductions in respect of certain incomes" is claimed and allowed in respect of profits of any of the specified business referred to in clause (c) of sub-section (8) of section 35AD for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year

Section 80AB – Deductions to be made with reference to the income included in the gross total income.

Where any deduction is required to be made or allowed under any section included in this Chapter under the heading " C.—Deductions in respect of certain incomes"

in respect of any income of the nature specified in that section which is included in the gross total income of the assessee, then,

notwithstanding anything contained in that section, for the purpose of computing the deduction under that section, **the amount of income of that nature as computed in accordance with the provisions of this Act** (before making any deduction under this Chapter) **shall alone be deemed to be the amount of income** of that nature which is derived or received by the assessee and **which is included in his gross total income.**

Section 80AC – Deduction not to be allowed unless return furnished

Where in computing the total income of an assessee of any previous year relevant to the **assessment year commencing on or after—**

(i) the 1st day of April, 2006 but before the 1st day of April, 2018, any deduction is admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE;

(ii) **the 1st day of April, 2018**, any deduction is admissible under any provision of this Chapter under the heading "**C.—Deductions in respect of certain incomes**",

no such deduction shall be allowed to him unless he furnishes a return of his income for such assessment year on or before the due date specified under **sub-section (1) of section 139**.

THANK YOU!!
-MANITH D.ULLAL