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LL.B. Part III rd
Paper - VIII

Income Tax Act - 1961

Deduction in respect of certain
Payments

Deduction in respect of deposits
under National Savings Scheme or
Payment to a deferred annuity plan
(Section 30CCA):-

It makes provision for deduction in respect of deposits under National Savings Scheme or payment to a deferred annuity plan. According to Section 30CCA (1) where an assessee being an individual or a Hindu undivided family has in the previous year (i) deposited any amount in accordance with such scheme as the Central Government may, by notification in the official Gazette, specify in this behalf (ii) paid any amount to effect or to keep

(2)

in force a contract for such annuity plan of the Life Insurance Corporation. The Central Government may specify out of this income chargeable to tax, he shall be allowed a deduction in the computation of his total income of the whole of the amount deposited or paid as does not exceed the amount of Rs 20,000 in the previous year: Provided that in relation to:-

(a) the assessment years commencing on the 1st day of April 1989 and the 1st day of April 1990, this sub-section shall have effect as if for words "twenty thousand rupees", the words "thirty thousand rupees" had been substituted:-

(b) the assessment year commencing on the 1st day of April 1991 and subsequent assessment years, this sub-section shall have effect as if for the words "twenty thousand rupees" the words "forty thousand rupees" had been substituted:-

Provided further that no deduction under this sub-section shall be allowed in relation to any amount deposited or paid under clause (i) (ii) on or after the 1st day of April 1991

According to Section 80CCA (2) Where any amount:-

(a) standing to the credit of the

assessees under the scheme referred to in clause (i) stated above in respect of which a deduction has been allowed under this section together with the interest accrued on such amount is withdrawn in whole or part in any previous year, or

(b) is received on account of the surrender of the policy or as annuity or bonus in accordance with the annuity plan of the Life Insurance Corporation in any previous year, an amount equal to the whole of the amount referred to in clause (a) or clause (b) shall be deemed to be the income of the assessee of the previous year in which such withdrawal is made or amount is received and shall be chargeable to tax as the income of that previous year.

Provided that nothing contained in this sub-section shall apply to any amount received by the assessee on account of the surrender of the policy in accordance with the terms of the annuity plan of the Life Insurance Corporation where the assessee elects to surrender before the 1st day of October 1992. The said annuity plan in respect of which he had paid any amount under clause (i) of sub-section (1) before the first of day of April 1992.

(4)

(ii) Where a partition has taken place among the members of a Hindu Undivided Family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (1) the provisions of sub-section (2) shall apply as if the person in receipt of income referred to therein is the assessee.

For the removal of doubts, it is hereby declared that interest on the deposits made under the scheme referred to in clause (i) of sub-section (1) shall not be chargeable to tax except in the manner and to the extent specified in sub-section (2).

