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L.L.B. Part III<sup>rd</sup>  
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Taxation

Deduction in respect of repayment of loan taken for higher education (S. 80-E)

It provides that in computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provision of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of repayment of loan taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education or interest on such loan.

Provided that the amount which may be so deducted shall not exceed 40,000 rupees. The deduction specified in this section shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial

(2)

assessment year or until the loan referred to above together with interest thereon is paid by the assessee in full, whichever is earlier.

- For this purpose "approved charitable institution" means an institution specified in or an institution established for charitable purposes and notified by the Central Government under Section 10 (23C) or an institution referred to in S. 80-G (2)(v). (Financial Institution means a banking company to which the Banking Regulation Act 1949 applies including any bank or banking institution referred to in Section 51 of that Act) or any other financial institution which the Central Government may by notification in the official gazette, specify, in this behalf.
- "Higher education" means full time studies for any graduate or post-graduate course in engineering, medicine, management or for post-graduate course is applied in which or pure sciences including mathematics and statistics.

"Initial Assessment year" means the assessment year relevant to the previous year in which the assessee starts repaying the loan or interest thereon.

(3)

Deduction in respect of interest on loan taken for higher education (S. 80-E)

(1) In computing the total income of an assessee, being an individual, there shall be deducted in accordance with and subject to the provisions of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of interest on loan taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education.

(2) The deduction specified in sub-section (1) shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial assessment year or until the interest referred to in sub-section (1) is paid by the assessee in full whichever is earlier.

(3) For the purposes of this section:

(a) "approved charitable institution" means an institution specified in or, as the case may be an institution established for charitable purposes and notified by the Central Government.

(4)

Under clause (23C) of section 10 or an institution referred to in clause (a) of sub-section (2) of section 80-G.

(b) "financial institution" means a banking company to which the Banking Regulation Act 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or any other financial institution which the Central Government may, by notification in the official gazette, specify in this behalf.

(c) "higher education" means full time studies for any graduate or post-graduate course in engineering, medicine, management or for post-graduate course in applied sciences or pure sciences including mathematics and statistics.

(d) "initial assessment year" means the assessment year relevant to the previous year, in which the assessee starts paying the interest on the loan.