

FAQs for Section 80D

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1. What is the deduction specified under Section 80D?

Section 80D falls under Chapter VI-A of Income Tax Act, 1961 (for brevity 'ITA'), which deals with 'deductions to be made in computing total income'. Section 80D deals with deduction in respect of amounts paid towards health insurance, medical expenditure and preventive health check-up.

2. Who are eligible for claiming deduction under Section 80D?

The deduction is available for individual and Hindu Undivided Family (HUF). The section allows cover for: :

| Person | Coverage |
|------------|--------------------|
| Individual | Family and Parents |
| HUF | All members of HUF |

3. Who are all covered under the ambit of 'Family'?

Section 80D defines 'family' to mean spouse and dependent children of the assessee.

4. Whether Individual who is not a resident during the previous year is eligible for claiming deduction under Section 80D?

An Individual who is a non-resident, shall be eligible for deduction under Section 80D if he is total income is subjected to tax in India.

5. What are the kind of amounts that are allowed as deduction under Section 80D?

Section 80D allows the following amounts as deduction:

| Assessee | Type | Covered | Covers |
|------------|-------------------------|--|----------------------------------|
| Individual | Insurance Premium | premium paid towards health insurance | Assessee or his family |
| | | contribution made to Central Government Health Scheme | Assessee or his family |
| | | any other scheme notified by Central Government | Assessee or his family |
| | Preventive Health Check | payment made on account of preventive health check-up | Assessee or his family |
| | Insurance Premium | premium paid towards health insurance | Parent or Parents |
| | Preventive Health Check | payment made on account of preventive health check-up | Parent or Parents |
| | Medical Expenditure | Amount paid on account of medical expenditure on health* | Assessee or member of his family |
| HUF | Medical Expenditure | Amount paid on account of medical expenditure on health* | Any Parent of Assessee |
| | Insurance Premium | premium paid towards health insurance | Any member of HUF |
| | Medical Expenditure | Amount paid on account of medical expenditure on health* | Any member of HUF |

* medical expenditure is allowed in case of senior citizen only if there is no amount of premium paid in respect of insurance on said senior citizen

6. What are the maximum amounts that are allowed as deductions under Section 80D?

Section 80D restricts the claim of deduction of the above expenditure. The restrictions are both internal and external. That is to say, the insurance premium, preventive health check and medical expenditure is restricted to a maximum internal limit and all put together are again restricted to another maximum external limit. The below provides a quick reference of the maximum amounts that are allowed as deductions under Section 80D:

| Assessee | Type | Covers | Internal Limit | Maximum Deduction |
|------------|--------------------------------------|-------------------|----------------|-------------------------|
| Individual | Insurance Premium | Assessee & Family | INR 25,000 | INR 50,000 [^] |
| | Preventive Health Check [§] | | INR 50,000* | |
| | Medical Expenditure | | INR 50,000 | |
| | Insurance Premium | Parents | INR 25,000 | INR 50,000 [^] |
| | Preventive Health Check [§] | | INR 50,000* | |
| | Medical Expenditure | | INR 50,000 | |

| Assessee | Type | Covers | Internal Limit | Maximum Deduction |
|--|--------------------------------------|-------------------|----------------|-------------------------|
| Individual (Parents - Senior Citizens) | Insurance Premium | Assessee & Family | INR 25,000 | INR 75,000 [^] |
| | Preventive Health Check [§] | | INR 50,000* | |
| | Medical Expenditure | | INR 50,000 | |

* In case if assessee or any family member or parents are senior citizen, then instead of INR 25,000, the internal deduction is allowable to the extent of INR 50,000.

[^] Even though the internal deduction is enhanced from INR 25,000 to INR 50,000 in case of senior citizens, there will be no change in maximum deduction.

[§] Deduction in case of preventive health check-up is restricted only to the extent of INR 5,000.

| Assessee | Type | Covers | Internal Limit | Maximum Deduction |
|----------|---------------------|-------------------|----------------|-------------------------|
| HUF | Insurance Premium | Any member of HUF | INR 25,000 | INR 50,000 [^] |
| | Medical Expenditure | | INR 50,000* | |

* In case if any member of HUF is a senior citizen, then instead of INR 25,000, the internal deduction is allowable to the extent of INR 50,000.

[^] Even though the internal deduction is enhanced from INR 25,000 to INR 50,000 in case of senior citizens, there will be no change in maximum deduction.

7. I am employed in a software company which provides health insurance to all the employees. The premium on said health insurance is paid by the company and not recovered from my salary, however shown in the CTC/Pay-Slip. Can I claim the said premium as deduction of under Section 80D?

Section 80D allows premium paid as deduction in computation of total income. In the facts of your case, since there is no deduction from your salary, the said premium cannot be said as to be paid by you. In absence of any payment directly or indirectly, you will not be eligible for deduction under Section 80D while computing your tax liability.

- 8. I am employed in a software company which provides health insurance to all the employees. The premium on said health insurance is recovered from my salary and shown in the Pay-Slip. Can I claim the said premium as deduction under Section 80D?**

Yes. Section 80D allows deduction if the premium is paid in the modes specified in Section 80D(2B). One of the specified modes is cash. The other being any other mode which is not falling in the first specified mode. Since the premium is recovered from your salary, it constitutes payment by you and accordingly a deduction under Section 80D can be claimed subject to the maximum amounts that are allowable as deductions.

- 9. I am employed in a software company which provides health insurance to all the employees. The premium on said health insurance is paid by the company and not recovered from my salary, however shown in the CTC/Pay-Slip. The company also allows to pay premium to cover my parents under the same policy, subject to payment of premium by myself. Can I claim the said premium paid for my parents as deduction of under Section 80D?**

Yes, Section 80D allows deduction of insurance premium paid on insurance to keep the health of parents also. Since the premium is recovered from your salary, it would be deemed to be paid for the purposes of Section 80D and accordingly deduction can be claimed subject to the maximum amounts that are allowable as deductions.

- 10. I am a software employee aged 45 years. I have a wife (aged 44 years) and one dependent child. During the financial year, I have paid a health insurance premium of INR 50,000. I have not paid any other premiums during the year. What is the amount that can be claimed as deduction under Section 80D?**

As stated earlier as response to other FAQs, there are internal and external deductions under Section 80D. Since you and your wife do not qualify as 'senior citizen', the maximum deduction that would be eligible under Section 80D is INR 25,000. The extra premium paid amounting to INR 25,000 would not be eligible for deduction even though the maximum deduction allowed under Section 80D for health insurance premium is INR 50,000/- because of the internal limits.

- 11. Continuing with the above FAQ # 9, all facts being same except I am age of 62 years. What is the amount that can be claimed as deduction under Section 80D?**

Since you age is greater than 60 years, you will be considered as senior citizen for the purposes of Section 80D and the deduction towards health insurance premium will be allowed to the extent of INR 50,000 instead of general deduction of INR 25,000. Accordingly, the deduction under Section 80D will be an amount of premium paid that is INR 50,000, since this also within the maximum amount allowable as deduction.

- 12. Continuing with the above FAQ # 10, all facts being same except I have incurred a medical expenditure on my wife during the financial year amounting to INR 50,000. What is the amount that can be claimed as deduction under Section 80D, if my wife is senior citizen or if my wife is not a senior citizen?**

As stated earlier as response to other FAQs, Section 80D allows deduction of amounts paid not only towards health insurance but also for medical expenditure. The deduction allowable for medical expenditure in case of

assessee or his family member is INR 50,000. Further, the section allows such deduction in case of senior citizen only if such senior citizen does not have an insurance cover.

Deduction – If your wife is not a senior citizen:

Since your wife is not a senior citizen, you will be allowed deduction of medical expenditure, even if there is an insurance cover on her health. As far as the quantum of deduction is concerned, you have spent INR 50,000 as premium towards health insurance and INR 50,000 for medical expenditure totalling to INR 1,00,000. Since Section 80D allows a maximum of INR 50,000 as deduction for health insurance premium and medical expenditure, the maximum deduction that is allowable under Section 80D is restricted to INR 50,000 despite of the fact that INR 1,00,000 is spent.

Deduction – If your wife is a senior citizen:

Since your wife is a senior citizen, as per the provisions of Section 80D, the medical expenditure would not be allowed as deduction, because she is having an insurance cover for her health. In case, if you do not have any medical insurance in effect for her, then the deduction can be allowed up to INR 50,000 subject to a condition that there are no other insurance premiums payable.

- 13. I am a software employee aged 45 years. I have a wife (aged 44 years) and one dependent child. During the financial year, I have paid a health insurance premium of INR 15,000. Apart from the said premium, I have also paid INR 50,000 towards health insurance premium for my senior citizen parents. What is the amount that can be claimed as deduction under Section 80D? What would be the response if the premium paid towards my parents policy is INR 75,000 instead of INR 50,000.**

Section 80D allows deduction of premium paid towards health insurance of assessee and his parents. The maximum deduction for assessee or his family health insurance and health insurance of parents is different.

If premium paid for senior citizen parents - INR 50,000:

Accordingly, since you and your wife are not senior citizens and the internal deduction and maximum deduction being INR 25,000 and INR 50,000, the health insurance premium INR 15,000 is completely allowed. Since your parents are senior citizens and the internal deduction being INR 50,000 and maximum deduction being INR 50,000, the premium paid to the tune of INR 50,000 gets completely deductible. Hence, the total deduction available is INR 65,000.

If premium paid for senior citizen parents - INR 75,000:

Since the internal deduction and maximum deduction allowable is INR 50,000, the maximum deduction that is allowable under Section 80D continues to be INR 65,000 despite the fact that INR 90,000 is being spent.

- 14. Continuing with FAQ # 12, all facts being same except that I have paid premium of INR 50,000 towards health insurance which covers my father in law and mother in law. What is the deduction that is allowable under Section 80D?**

Section 80D allows deduction of health insurance premium paid towards his family or parents. The said section does not cover spouse's parents. Hence, health insurance premium paid covering father-in-law and mother-in-law would not be eligible for deduction under Section 80D. However, if spouse is also earning taxable income, then the premium paid towards her parents can be claimed as deduction under Section 80D subject to all other conditions.

- 15. During the financial year, I have spent INR 15,000 towards preventive health check-up. Also, I have taken an insurance policy by paying a premium of INR 35,000. What is the deduction allowed under Section 80D?**

Section 80D covers also the expenditure incurred for preventive health check-up, subject to a maximum internal cap of INR 5,000 and maximum deduction of INR 50,000. Since the amount spent on preventive health check-up is INR 15,000, an amount in excess of INR 10,000 shall be ignored and INR 5,000 will be taken for the purposes of deduction under Section 80D. In the same way, since the internal deduction for health insurance premium and preventive health check-up is INR 25,000, the balance INR 10,000 would not be taken for the purposes of testing with the maximum deduction of INR 50,000. Hence, maximum deduction allowable under Section 80D is INR 5,000 towards preventive health check-up and INR 20,000 towards health insurance premium totalling to INR 25,000 as against spent of INR 50,000.