

# **DISTRIBUTED IN LECTURE -57 OF INCOME TAX**

## **Section - 80CCD, Income-tax Act, 1961 - FA, 2019**

### **[Deduction in respect of contribution to pension scheme of Central Government.**

**80CCD.** (1) [Where an assessee, being an individual employed by the Central Government on or after the 1st day of January, 2004 or, being an individual employed by any other employer], [or any other assessee, being an individual] has in the previous year paid or deposited any amount in his account under a pension scheme notified or as may be notified by the Central Government, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited [as does not exceed,—

- (a) in the case of an employee, ten per cent of his salary in the previous year; and
- (b) in any other case, [twenty] per cent of his gross total income in the previous year.]

(1A)

[(1B) An assessee referred to in sub-section (1), shall be allowed a deduction in computation of his total income, whether or not any deduction is allowed under sub-section (1), of the whole of the amount paid or deposited in the previous year in his account under a pension scheme notified or as may be notified by the Central Government, which shall not exceed fifty thousand rupees:

**Provided** that no deduction under this sub-section shall be allowed in respect of the amount on which a deduction has been claimed and allowed under sub-section (1).]

(2) Where, in the case of an assessee referred to in sub-section (1), the Central Government [or any other employer] makes any contribution to his account referred to in that sub-section, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the Central Government [or any other employer] as [*does not exceed ten per cent of his salary in the previous year*].

(3) Where any amount standing to the credit of the assessee in his account referred to in sub-section (1) [or sub-section (1B)], in respect of which a deduction has been allowed [under those sub-sections] or sub-section (2), together with the amount accrued thereon, if any, is received by the assessee or his nominee, in whole or in part, in any previous year,—

(a) on account of closure or his opting out of the pension scheme referred to in sub-section (1) [or sub-section (1B)]; or

(b) as pension received from the annuity plan purchased or taken on such closure or opting out, the whole of the amount referred to in clause (a) or clause (b) shall be deemed to be the income of the assessee or his nominee, as the case may be, in the previous year in which such amount is received, and shall accordingly be charged to tax as income of that previous year:

**Provided** that the amount received by the nominee, on the death of the assessee, under the circumstances referred to in clause (a), shall not be deemed to be the income of the nominee.]

[(4) Where any amount paid or deposited by the assessee has been allowed as a deduction under sub-section (1) [or sub-section (1B)],—

(a) no rebate with reference to such amount shall be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(b) no deduction with reference to such amount shall be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.]

[(5) For the purposes of this section, the assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year.]

*Explanation.*—For the purposes of this section, "salary" includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.]