

SECTION 80CCD  
INCOME TAX ACT, 1961

## Section 80CCD

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

#### Bare Act

(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

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 <sup>21</sup>*[does not exceed—*

(a) *fourteen per cent, where such contribution is made by the Central Government; 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

(b) *ten per cent, where such contribution is made by any other employer, 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.

## **Crux of Section 80CCD (1)**

### **Applicability:**

- (1) Individual who is Government Employee on or after 01/01/2004.
- (2) Individual who is private employee.
- (3) Individual not covered in (1) & (2).

### **Maximum Limit:**

<b>S.No</b>	<b>Category</b>	<b>Limit</b>
1.	If Individual covered in (1) or (2) above	10% of Salary
2.	If Covered in (3)	20% of Gross Total Income

**Note: Salary includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.**

**Note: The Central Government has notified the Atal Pension Yojana as pension scheme, contribution to which qualify for deduction under section 80CCD .**

## **Crux of Section 80CCD(1B)**

Whether an Individual claiming any deduction under 80CCD(1) or not, the additional deduction of Rs. 50,000 allowed.

**Note: The Aggregate deduction of 80CCD(1) & 80CCD(1B) shall not exceed the actual amount deposited or paid during the previous year.**

**Note: Section 80CCB (1B) amount shall not be considered while calculating the overall of Rs.1,50,000 limit as mentioned in the Section 80CCE.**

## **Crux of Section 80CCD(2)**

### **Applicability:**

This sub-section applies if employer makes contribution to the pension fund notified by the Central Government.

### **Maximum Limit:**

S.No	Category	Limit
1.	If Contribution is made by Central Government as employer	14% of Salary
2.	If Covered by other employer	10% of Salary.

**Note: Contribution is made by the Central Government as employer or by any other employer then the deduction is allowed to the employee.**

**Note: Section 80CCB (2) amount shall not be considered while calculating the overall of Rs.1,50,000 limit as mentioned in the Section 80CCE.**

**Conclusion:**

An Individual can claim more than Rs.1,50,000 deduction from the Gross Total Income by opting section 80CCD(1B) & 80CCD(2) and it will reduce their tax burden.

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