

Looking for tax breaks? Here are few less-known options

Many individuals typically wait till the last moment to finalise their tax savings plan, say experts. In the haste to exhaust the 1-lakh deduction limit available under Section 80C, these individuals tend to overlook certain tax deductions already earned during the course of the year. The deadline for making tax-saving investments is March 31.

"Those who are investing for reducing their tax outgo should first determine the actual tax benefits they would get before making investments in haste. For example, some of those in the 10% tax bracket might be better off by paying 10% income tax and keeping the rest of the money at their disposal rather than locking the money away for many years in a tax-saving investment, just to save on that 10%," says Vaibhav Sankla, director, H&R Block, a tax consultancy firm.

First-time Home Buyers

If you have purchased a house in this financial year, you will be entitled to a deduction of up to 1 lakh on interest paid under Section 80EE. This is in addition to the deduction under Section 24 on home loan interest. Moreover, if the interest paid during the year is less than 1 lakh, the unclaimed deduction can be used in the following year.

A Few Little-known Exemptions

Most home loan borrowers know the benefits available for the interest and principal payments under Sections 24 and 80C respectively. However, many of them are not aware of certain extra benefits. "You can claim deductions on interest paid on loan taken from friends and relatives too. Similarly, processing fees paid to your housing finance company would also be eligible for deductions," says Sankla.

Preventive Health Check-ups

Introduced during financial year 2012-13, this deduction is part of Section 80D exemption, which allows deductions on health insurance premium. If you have undergone health check-ups this year, you can claim a deduction of up to 5,000. Bills from diagnostic centres can be submitted either to your employer or claim the deduction at the time of filing returns. If you haven't undergone any tests this year, it would be a good idea to do so before March 31.

Deductions on Donations

Donations made to charitable organisations and government-approved funds qualify for deductions under Section 80G. Apart from donations to specific funds, which are eligible for a 100% deduction, most are restricted to 50%.

Disability-related Expenses

If you have been taking care of a family member who suffers from physical or mental disabilities, one can avail relief up to 50,000 . In case of severe disabilities (80% or more), the eligible amount is 1 lakh. Dependants could include spouse, children, parents, brothers and sisters of the tax-payer. Differentlyabled tax-payers can claim a similar exemption for themselves under Section 80U.

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