

DIRECT TAX

CIRCULARS

F. No. 275/19212018-IT (8)

Date - 8.02.2019

Income-Tax Deduction from Salaries during the Financial Year 2018-19 under Section 192 of the Income-tax Act, 1961-regarding

In Circular NO.1/2019 dated 1st January, 2019 on the above-mentioned subject, the provisions of section 80TTB were inadvertently not correctly explained in para 5.5.12 of the circular. The correct position of the admissibility of deduction under section 80TTB is provided as under: -

"Section 80TTB introduced by Finance Act, 2018, w.e.f 01 .04.2019, allows deduction to a senior citizen from his gross total income in respect of income by way of interest on deposits with-

- 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);
- a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or
- a Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898 (6 of 1898),

The amount of deduction in respect of above interest on deposit is as under: -

- in a case where the amount of such income does not exceed in the aggregate fifty thousand rupees, the whole of such amount; and
- in any other case, fifty thousand rupees.

However, no deduction is allowed under section 80TTB to any partner of the firm or any member of the association or any individual of the body if said interest is derived from any deposit held by, or on behalf of, a firm, an association of persons or a body of individuals.

For this purpose, "senior citizen" means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year. However, taxpayers claiming deduction under section 80TTB shall not be eligible for deduction under section 80TTA". 2. In view of above, Circular NO.1/2019 may accordingly be treated as modified to this extent. The earlier corrigendum dated.01 .02.2019 stands withdrawn and cancelled.