

Considering the present high cost of living and raising kids, more and more women are entering the family finances. There are certain tax benefits whereby a family's income can be increased if

WORKING WOMEN NOT ONLY EARNERS, TAX SAVERS TOO!



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CHAINS do not hold a marriage together. It is threads, hundreds of tiny threads, which sew people together through the years." - Simone Signoret

In these changing times when the role of money has become increasingly significant and women in the house, being educated, are sharing the family's financial burden with élan, one such important thread is - money!

As we know marriage is a vehicle with two wheels and both wheels should move in sync for smooth running of the family. This is increasingly becoming clear in respect of monetary respect as the man and woman of the house are bearing equal weight of monetary responsibilities. Considering the present high cost of living, housing and bringing up and educating the children, more and more women are entering the workforce to augment the resources of the family. Though the Income Tax Act, 1961 earlier used to grant a higher exemption limit for female taxpayers, this is no longer available now. However, there are certain tax benefits by way of which a family can have enhanced benefits if the wife is also working.

Let us discuss some of the important provisions here.

Education expenses

According to the provisions of Section 80C of the Income Tax Act a person can claim deduction in respect of education expenses incurred in any university, college, school or educational institution situated in India for full-time education of his child

up to an amount of Rs 100,000 a year along with other eligible items like PPF, ULIPs, Provident Fund, etc. However this deduction is available in respect of two children only. Thus in case if there are more than two children, the working wife can claim the education expenses for up to more two more children as the restriction of two children is per assessee and not per family. Even in cases where family does not have more than two children but education expenses per year exceed Rs 100,000 per year, then these expenses can be bifurcated between husband and wife so as to maintain the limit of Rs 1 lakh.

Medical Insurance

According to Section 80D of the Act an assessee can claim deduction up to Rs 15,000 for any amount paid toward medical insurance premium for self and family. However taking into account the actual cost of taking health insurance, the limit of Rs 15,000 is not sufficient enough to cover the whole family. Moreover this limit of Rs 15,000 includes a deduction of Rs 5,000 available for preventive health checkups, the effective limit available for health insurance is only Rs 10,000 for those availing of the benefit of the checkups. So a health insurance premium paid in excess of these limits cannot be claimed under Section 80D in most of the cases where husband is the sole taxpayer. However in case the wife is also working, the policy can be purchased and premium be paid in such a way so as to ensure that both husband and wife are able to claim the fullest benefits of Section 80D and ensure that the family has adequate health insurance cover.