



# GOING BEYOND 80C

There are more tax-saving options than the usual ones under Section 80C. Here are a few lesser-known avenues

## **1** RAJIV GANDHI EQUITY SAVINGS SCHEME

The recently started RGESS is designed exclusively for first-time retail individual investors in the securities market whose gross total income is less than or equal to Rs 10 lakh. One can invest up to Rs 50,000 a year, but the tax benefit (under Section 80CCG) is one-time, on 50 per cent of the invested amount, and based on your tax slab. Also note that there is a lock-in period of 3 years. One needs a demat account to invest in this scheme.

## **2** NEW PENSION SCHEME

NPS is for government employees as well as for those working in the private sector. It is done more effectively in agreement with your employer. Up to 10 per cent of an employee's basic salary put in NPS is tax deductible under Section 80CCD(2).

## **3** CAPITAL GAINS BONDS

These instruments help investors avoid tax on long-term capital gains from real estate assets and unlisted stocks and bonds. These are also known as 54EC bonds, and have an annual coupon rate of 6 per cent. National Highways Authority of India and Rural Electrification Corporation offer such bonds. The exemption is on an amount of up to Rs 50 lakh in one fiscal. So, you can invest Rs 1 crore over two fiscals if you are able to sell your house between October and March. However, if you sell the bonds before three years, you lose the tax benefit, and have to pay up the next year.

## **4** CHARITY OR DONATIONS

Amounts donated by cash or cheque in the year to approved charitable institutions and funds are tax deductible under Section 80G. The limit is usually 50 per cent (Prime Minister's Drought Relief Fund, for instance) or 100 per cent (National Defence Fund). Do remember to furnish the receipt for the donation.

## **5** INTEREST ON EDUCATION LOAN

You may have forgotten about this as the EMI is quietly paid from your salary account. Under Section 80E, interest paid on an education loan qualifies for tax deduction for a period of eight years starting from the year that you started paying off the loan.