

## **Medical treatment blues**

**HT Chandigarh Live  
Tax Matters/ S.P. Babuta  
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This week I will answer a wide variety of questions from readers.

**Q1. I am a central Govt official. I am told that under section 80DDB,expenditure incurred on medical treatment of cancer is exempted with a ceiling of Rs 40,000/- within a financial year. My wife is a cancer patient and therefore while computing my taxable income, I had deducted Rs.40,000/-from my income, which the Department did not agree, on the plea that I have got medical reimbursement for the treatment done. Is it so? Will you be kind enough to clarify the correct rule position?**

**P.P.Lonappan,Chandigarh**

**Ans-1.** As per Section 80DDB the deduction of Rs.40,000/- allowed against actual expenses on Medical Treatment, shall be reduced by the amount received, if any, under an insurance from an insurer, or reimbursed by an employer, for the medical treatment ,as specified.

Since you have got medical reimbursement for the said treatment(assuming complete reimbursement )the assessing officer is correct in his contention.

Please appreciate that this provision is to give you some relief on medical expenditure actually

incurred by you and not to give you any tax saving deduction.

**Q2. Please advice me about my Tax-liability for the current financial year. The details are as under**

- 1. I retired as Professor and my annual pension is Rs.144,000.**
- 2. An offer was made to me on 14.06.2004 to work in a university in Muscat (Sultanate of Oman) for one semester as Visiting Consultant on a consolidated amount equivalent to Indian Rs 500,000/- for the entire duration. I spent a semester there from 04.09.2004 to 31.12.2004 on this position in College of Science. And this was the total stay abroad during the current year. The duties involved participation in teaching, research, seminars and evaluation of students.**
- 3. I am a senior citizen.**
- 4. No personal income-tax was deducted in that country.**

**Satish,Chandigarh**

**Ans-2.** Till the Assessment year 2004-05 there was a deduction available under Section 80R on such incomes earned by teachers and professors. But with effect from Assessment year 2005-06 no deduction is available therefore in your case the visiting consultant fee/remuneration received outside India as a professor for the asst. year 2005-06 is fully taxable.

Your tax liability will be Rs.144000.00 - (Standard Deduction) 30000.00 + 500000.00. As a senior citizen you can claim Tax rebate u/s 88-B of Rs. 20000.00.

In the absence of your other savings detail, it is not possible to calculate your exact tax liability.

**Q3. Kindly clarify the following:**

**If a co-application for housing loan is made by father and son (both government employees), can both of them avail tax benefits on the loan. Or the tax benefits on joint application is only applicable to husband and wife?**

**D S Sidhu, Dept of Forestry, P A U, Ludhiana**

**Ans-3.** Tax benefit for housing loan w.r.t repayment of loan and payment of interest on housing loan is available to all the co-owners. It is immaterial whether the co-owners are husband & wife or father & son. The only criterion for eligibility for such deductions is co-ownership of the property (Name in the title deed). If the house property is owned by only one applicant, and the second name has only been used as a co-applicant in the loan application papers to facilitate the obtaining of bigger amount of loan against the property then such deductions shall be available only to the owner of the property and not to the co-applicant who only helped in enhancing the repayment capacity.

**Q4. I am partner in a firm .I received remuneration of Rs.80,000/- from the firm but later at the year end the firm was allowed only Rs.70,000/- on account of remuneration to me, as partner. Now since the firm has paid taxes on the balance Rs.10,000/- (disallowed remuneration) will I be required to pay tax again on this amount? Would it not tantamount to double taxation?**

**Maninder singh, Chandigarh**

**Ans-4.** The Act is very clear in this case, share of profit in the hands of the partner shall be fully exempt u/s 10(2A). Remuneration and interest received by a partner from a firm shall be included in the total income of the partner under the head 'Profit and gain of business or profession' to the extent deduction of remuneration was allowed to the firm as per sec.40(b).

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In view of above Rs.70,000/- will be included in your income under the head 'Profit and gain of business or profession' and the balance Rs.10,000/- which has been disallowed in the hands of the firm shall be exempt in your hands as share of profit from the firm