How to Reach the ?1,50,000 Section 80C Limit Without New Investments

Description

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Quick summary

- You may already be near the ?1.5 lakh section 80C limit through payments you make anyway: EPF, life insurance premium, home loan principal, children's tuition fees, and stamp duty on a house.
- Add up these items first, then invest only the gap, if any.
- Section 80C is available only in the old tax regime and is section 123 of the Income-tax Act, 2025 from Tax Year 2026-27.
- Declare the items to your employer in Form 124 (earlier Form 12BB) so TDS is adjusted.

How to check your 80C position

1. Note your EPF contribution for the year

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2. Add home loan principal repaid and stamp duty if you bought a house

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3. Add children's tuition fees (up to two children)

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4. Add life insurance premiums that qualify

?

5. Subtract the total from ?1,50,000 and invest only the balance

Every March someone suggests that you must invest in a tax-saving scheme to use up section 80C. Before you do, check what you have already paid during the year. Many ordinary payments qualify, and you may have

used most of the ?1,50,000 limit without any new investment.

Section 80C works only in the old tax regime. From Tax Year 2026-27 it is section 123 of the Income-tax Act, 2025, with the same ?1.5 lakh limit.

Step by step

1. **Employees' Provident Fund.** Your own contribution to EPF during the year counts. Check your salary slip or EPF passbook. For many salaried people this alone is a large amount.
2. **Home loan principal.** The principal part of your EMIs counts. Your lender's certificate shows it.
3. **Stamp duty and registration.** If you bought a house, the stamp duty and registration charges paid in that year count.
4. **Children's tuition fees.** Tuition fees for full time education of up to two children in India count, including playschool and preschool fees if they are tuition fees. Development fees, donations and transport do not.
5. **Life insurance premium.** Premiums on a policy for yourself, your spouse or your children count. The premium should be within 10% of the sum assured for policies issued after 31/03/2012 (15% for a disabled person or specified diseases).
6. **Employee's NPS contribution** under section 80CCD(1) also counts within the same limit.
7. **Add them up** and subtract the total from ?1,50,000. The result is the balance of the limit.
8. **Invest only the balance,** if any, in a product that suits your risk and your time horizon, such as PPF, ELSS, NSC, a 5 year tax-saver FD, Senior Citizens' Savings Scheme or Sukanya Samriddhi Yojana.

Example

Priya's EPF contribution is ?72,000. She repaid ?48,000 of home loan principal and paid ?20,000 of tuition fees for one child. The total is ?1,40,000, so only ?10,000 of the limit is left. She does not need to invest ?1.5 lakh in ELSS.

Who can claim?

Individuals (resident or non-resident) and Hindu undivided families can claim section 80C. Companies, firms and LLPs cannot.

How to claim

Give your employer a declaration in Form 124 (earlier Form 12BB) with proofs, so that less TDS is deducted. EPF is usually already known to the employer. If you did not declare it, you can claim the deduction when you file your return, as long as you are in the old regime and file on time.

What not to do

- Do not buy a product only because the limit is unfilled. Choose it for the return, lock-in and risk.
- Do not forget that a home loan principal or stamp duty claim is reversed if you sell the house within five years of getting possession.
- Do not assume this works in the new tax regime. If you move to the new regime, 80C is lost altogether, so compare your total tax first.

Frequently asked questions

Can I reach the section 80C limit without investing?

Often, yes. EPF, life insurance premium, home loan principal, tuition fees and stamp duty can already add up to ?1.5 lakh.

Do I need to invest more once the limit is reached?

No. The deduction is capped at ?1.5 lakh, so extra investment under 80C does not reduce tax further.

Is my EPF counted?

Yes, your own contribution to the Employees' Provident Fund counts.

Which tuition fees count?

Tuition fees for full time education of up to two children in India. Development fees and donations do not count.

Is 80C available in the new tax regime?

No. It is available only in the old tax regime.

Official sources

- Income Tax Department: Income-tax Act, 2025 (as amended by Finance Act 2026), section 123
- Income Tax Department: Form No. 124
- Income Tax Department: e-Filing portal

Related reading

- Section 80C of Income Tax Act: 80C Deduction List, Limit and Examples
- What is Income Tax? Meaning, Rules, Tax Slabs, Types and Tax Guide for Tax Year 2026-27
- Form 124 (Earlier Form 12BB): What It Is and How to Fill It

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