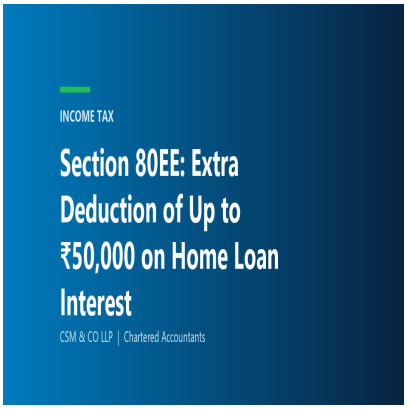

Section 80EE: Extra Deduction of Up to ?50,000 on Home Loan Interest

Description

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Quick summary

- Section 80EE gives first-time home buyers an extra deduction of up to ?50,000 a year on home loan interest, on top of the ?2 lakh under section 24(b).
- It applies only to loans sanctioned between 01/04/2016 and 31/03/2017, for a house worth up to ?50 lakh with a loan up to ?35 lakh, if you owned no house on the sanction date.
- The deduction can still be claimed each year while that loan runs, only in the old tax regime.
- From Tax Year 2026-27 it is section 130 of the Income-tax Act, 2025.

Section 80EE gave first-time home buyers an extra deduction of up to ?50,000 a year on home loan interest. It was a limited-period scheme for loans sanctioned in FY 2016-17, but if you have such a loan you can still claim it every year until the loan ends, if you are in the old tax regime.

From Tax Year 2026-27 the provision is section 130 of the Income-tax Act, 2025. For FY 2025-26 (assessment year 2026-27) it is still section 80EE of the 1961 Act.

Conditions

- Only an individual can claim (resident or non-resident). HUFs, firms and companies cannot.
- The loan must be taken from a financial institution (a bank or housing finance company) to buy a residential house in India.
- The loan must have been sanctioned between 01/04/2016 and 31/03/2017.
- The loan amount must not exceed ?35 lakh.
- The value of the house must not exceed ?50 lakh.
- You must not have owned any residential house on the date the loan was sanctioned.
- The same interest cannot be claimed under another section for that year or any other year.
- It is available only in the old tax regime.

How much?

Up to ?50,000 a year. Claim the interest first under section 24(b) (section 22 in the 2025 Act), which allows up to ?2 lakh for a self-occupied house. If the interest is more, the balance can be claimed under 80EE, up to ?50,000, so the total is up to ?2,50,000. The total cannot exceed the interest you actually pay.

For a let-out house section 24(b) has no ?2 lakh ceiling on interest, though the loss from house property that can be set off against other income is limited to ?2 lakh a year.

Examples

1. Sunita bought her first home for ?45 lakh with a loan of ?30 lakh sanctioned on 15/01/2017. She owned no house. She can claim up to ?50,000 under section 80EE each year for the interest in excess of the section 24(b) limit.
2. Rohan paid ?2,40,000 as interest in a year. He claims ?2,00,000 under section 24(b) and the remaining ?40,000 under section 80EE. Total ?2,40,000.
3. Sonia's house cost ?52 lakh. She cannot claim, because the value exceeds ?50 lakh.
4. Ajay's loan was ?38 lakh. He cannot claim, because the loan exceeds ?35 lakh.
5. Two friends buy their first home together, each with a loan of ?15 lakh, for a house worth ?40 lakh. If each meets the conditions, each can claim up to ?50,000.

Documents

- The interest certificate from the lender, showing the principal and interest for the year.
- The sanction letter and loan agreement, showing the sanction date and amount.
- Papers that show the value of the house.

Section 24(b) vs section 80EE

Feature	Section 24(b)	Section 80EE
Interest allowed	Up to ?2 lakh for self-occupied house	Extra up to ?50,000
Who	Individuals and HUFs	Individuals only
Loan period	Any	Sanctioned 01/04/2016 to 31/03/2017
House value and loan limits	None	?50 lakh and ?35 lakh
Regime	Self-occupied house: old regime only. Let-out house: interest is also allowed in the new regime	Old regime only

Section 80EE vs section 80EEA

Basis	Section 80EE	Section 80EEA

Loan sanctioned	01/04/2016 to 31/03/2017	01/04/2019 to 31/03/2022
Deduction	?50,000	?1,50,000
Loan limit	?35 lakh	No limit
House value	?50 lakh	Stamp duty value up to ?45 lakh

In the 2025 Act, section 80EE is section 130 and section 80EEA is section 131.

Frequently asked questions

Can I claim section 80EE for a loan taken now?

No. It is only for loans sanctioned between 01/04/2016 and 31/03/2017. If your loan was sanctioned then and meets the conditions, you can still claim it each year.

What is the limit under section 80EE?

?50,000 a year, in addition to section 24(b).

Who can claim 80EE?

Only individuals who owned no residential house on the date the loan was sanctioned. HUFs and companies cannot.

Is it available if the house is let out?

The section does not require self-occupation, but the interest cannot be claimed twice under different sections.

Is section 80EE 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), sections 22 and 130
- Income Tax Department: e-Filing portal
- Union Budget: official website

Related reading

- Crackdown on Fraudulent ITR Claims: What Every Taxpayer Should Know

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