

Section 80C of Income Tax Act: 80C Deduction List, Limit and Examples

Description

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Quick summary

- Section 80C lets individuals and HUFs deduct up to ?1,50,000 a year from total income for specified savings and payments, in the old tax regime only.
- The limit is a combined one: PPF, ELSS, EPF, life insurance, NSC, tax-saver FD, home loan principal, tuition fees and others together cannot exceed ?1.5 lakh.
- From Tax Year 2026-27 the provision sits in section 123 of the Income-tax Act, 2025; for FY 2025-26 (AY 2026-27) it is still section 80C of the 1961 Act.
- NPS gives an extra ?50,000 under section 80CCD(1B), so the total can reach ?2 lakh.

How to claim the section 80C deduction

1. Choose eligible investments or payments in your own name

?

2. Invest or pay before 31 March of the year

?

3. Keep receipts, statements and premium certificates

?

4. Declare the investments to your employer so TDS is adjusted

?

5. Report the total in the deductions schedule of your ITR under the old regime

Section 80C is the most widely used tax-saving deduction. It allows individuals and Hindu undivided families

(HUFs) to reduce their total income by up to ?1,50,000 in a year by investing in, or paying for, specified items such as PPF, ELSS, life insurance, EPF, NSC, tax-saver fixed deposits, home loan principal and children's tuition fees. It is available only under the old tax regime.

What is section 80C?

Section 80C is a deduction from gross total income, not from the tax itself. If your taxable income falls by ?1.5 lakh, the tax saved is that amount multiplied by your slab rate (plus cess).

The limit is one combined limit. If you invest ?60,000 in PPF, ?50,000 in ELSS and pay ?60,000 as life insurance premium, the total is ?1,70,000 but only ?1,50,000 is allowed.

Section 80C in the Income-tax Act, 2025

The Income-tax Act, 2025 applies from 01/04/2026, that is from Tax Year 2026-27. Income earned up to 31/03/2026 (FY 2025-26, assessment year 2026-27) is still taxed under the 1961 Act, so section 80C continues to apply to the return you file for that year. The deduction is retained in the new Act under section 123, read with Schedule XV, with the same ?1.5 lakh limit and the same old regime condition.

Item	Income-tax Act, 1961	Income-tax Act, 2025
Specified savings and payments	Section 80C	Section 123 read with Schedule XV
Pension fund contribution to LIC or an insurer	Section 80CCC	Section 123 read with Schedule XV
Employee's NPS contribution	Section 80CCD(1)	Section 124 (within the combined limit)
Additional NPS contribution	Section 80CCD(1B)	Section 124(3)
Deductions chapter	Chapter VI-A	Chapter VIII

Section 80C list: what qualifies

- Life insurance premium (for policies issued after 31/03/2012 the premium must not exceed 10% of the sum assured; 15% for a disabled person or specified diseases)
- Public Provident Fund (PPF)
- Employees' Provident Fund (employee's own contribution)
- Equity Linked Savings Scheme (ELSS) mutual funds
- National Savings Certificate (NSC)
- Sukanya Samriddhi Yojana (SSY)
- 5 year tax-saver fixed deposit with a bank or post office
- Senior Citizens' Savings Scheme (SCSS)
- Unit Linked Insurance Plans (ULIPs)
- Employee's contribution to NPS under section 80CCD(1)
- Repayment of home loan principal

- Stamp duty and registration charges on buying a house
- Tuition fees for full time education of up to two children in India (not development fees or donations)

A home loan principal or stamp duty deduction is reversed if the house is sold within 5 years of getting possession.

Maximum limit and the extra NPS deduction

Section	What it covers	Limit	Inside the ?1.5 lakh combined limit?
80C	Investments and payments listed above	?1,50,000	Yes
80CCC	Contribution to a pension fund of an insurer	?1,50,000	Yes
80CCD(1)	Employee’s NPS contribution	?1,50,000	Yes
80CCD(1B)	Own contribution to NPS (including Atal Pension Yojana)	?50,000	No, it is additional

So the largest deduction from these sections together is ?2,00,000.

Popular 80C options compared

The rates below are the government-notified rates for October to December 2026. They are revised every quarter, so check the current rate before you invest.

Option	Return	Lock-in	Risk
PPF	7.1% a year, interest tax-free	15 years	Low
NSC	7.7% a year, interest taxable	5 years	Low
Sukanya Samriddhi Yojana	8.2% a year, interest tax-free	21 years from opening (part withdrawal allowed after 18 for education or marriage)	Low
SCSS (age 60 or more)	8.2% a year, interest taxable	5 years, extendable by 3	Low
Tax-saver FD	Set by the bank, interest taxable	5 years	Low

Option	Return	Lock-in	Risk
ELSS	Market linked, no assured return	3 years	High
ULIP	Market linked	5 years	Medium
EPF	Declared yearly by EPFO	Until retirement, with conditions	Low

Gains on ELSS held more than a year are taxed at 12.5% on the amount above ?1.25 lakh in a year.

Who can claim section 80C?

Only individuals and HUFs. Companies, firms and LLPs cannot. Some items, such as tuition fees and NPS, are for individuals only.

Example: how 80C saves tax

Mr A has a salary of ?10,00,000 and other income of ?1,00,000, and invests ?1,50,000 in PPF. He is under the old regime.

Particulars	With 80C	Without 80C
Salary	10,00,000	10,00,000
Less: standard deduction	(50,000)	(50,000)
Other income	1,00,000	1,00,000
Gross total income	10,50,000	10,50,000
Less: section 80C	(1,50,000)	-
Taxable income	9,00,000	10,50,000
Tax including 4% cess	96,200	1,32,600

Section 80C saves Mr A ?36,400. The old regime slabs are unchanged for Tax Year 2026-27.

How to claim section 80C

1. Invest or pay before 31 March of the financial year.
2. Keep proofs: deposit receipts, premium certificates, ELSS statements, fee receipts.
3. Declare the investments to your employer so that less TDS is cut from salary.
4. Report the total in the deductions schedule of your ITR. Your employer's Form 16 may already show it.

Old regime or new regime?

The new regime has lower slab rates but does not allow 80C. If your total deductions (80C, 80D, HRA, home loan interest and others) are large, the old regime may still cost less. Work out both before choosing.

Tips to use section 80C well

- Start early in the year instead of rushing in March.
- Count what you already pay: EPF, life insurance premium, home loan principal and tuition fees may fill the limit without new investment.
- Match the product to your goal: ELSS for long term growth, PPF or SSY for safety.
- Use the extra ?50,000 for NPS under section 80CCD(1B) if you have used the full ?1.5 lakh.
- Make the investment in your own name, unless the rule for that item allows a spouse or child.

Frequently asked questions

What is the maximum deduction under section 80C?

?1,50,000 in a financial year, as a combined limit for all eligible investments and payments.

Is section 80C available in the new tax regime?

No. It can be claimed only if you opt for the old tax regime.

Who can claim section 80C?

Individuals and Hindu undivided families. Companies, firms and LLPs cannot.

What is the new section number of 80C?

Section 123 of the Income-tax Act, 2025, read with Schedule XV, applies from Tax Year 2026-27.

Can I claim more than ?1.5 lakh?

Yes, up to ?50,000 more for NPS contributions under section 80CCD(1B), which is outside the ?1.5 lakh limit.

Official sources

- Income Tax Department: Income-tax Act, 2025
- Income Tax Department: e-Filing portal
- National Savings Institute: small savings schemes
- Union Budget: official website

Related reading

- How to Reach the ?1,50,000 Section 80C Limit Without New Investments
- How to Save Tax Other Than 80C: Deductions and Exemptions for 2026-27
- Section 80DD: Deduction for Dependant with Disability, Limit and Who Can Claim

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