

Section 80GGB and 80GGC: Deduction for Contributions to Political Parties

Description

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Quick summary

- Section 80GGB lets an Indian company deduct contributions to a registered political party or electoral trust, and section 80GGC allows the same for other assessees.
- The contribution must be by any mode other than cash, and the whole amount qualifies, subject to the overall cap of gross total income.
- The party must be registered under section 29A of the Representation of the People Act, 1951.
- From Tax Year 2026-27 they are sections 136 and 137 of the Income-tax Act, 2025, and neither is available in the new tax regime.

The Income-tax law allows a deduction for money contributed to political parties and electoral trusts. Section 80GGB covers companies and section 80GGC covers everyone else. From Tax Year 2026-27 they are sections 136 and 137 of the Income-tax Act, 2025. For FY 2025-26 (assessment year 2026-27) they are still sections 80GGB and 80GGC of the 1961 Act.

Who can claim?

	Section 80GGB (section 136)	Section 80GGC (section 137)
Claimant	An Indian company	Any assessee other than a local authority and an artificial juridical person wholly or partly funded by the Government. Under the 1961 Act, companies were also excluded because they have section 80GGB

	Section 80GGB (section 136)	Section 80GGC (section 137)
Recipient	A political party registered under section 29A of the Representation of the People Act, 1951, or an electoral trust	The same
Mode of payment	Any mode other than cash	Any mode other than cash
Amount	The whole amount contributed	The whole amount contributed

The 2025 Act does not repeat the 1961 Act's exclusion of companies from the second provision. A company should still use section 136, which is its own provision.

What does "contribute" mean for a company?

For section 136 the word has the same meaning as in section 182 of the Companies Act, 2013. A company's contribution is therefore more than a cheque to a party. It can include a donation, subscription or payment to a person for any activity meant to affect public support for a political party. Company law adds its own conditions. On 15 February 2024 the Supreme Court struck down the electoral bond scheme and also the 2017 amendments to section 182 of the Companies Act, 2013 that had removed the cap and the disclosure rule. As reported, this brings back the limit of 7.5% of the company's average net profit of the preceding three years and the requirement to disclose the amount and the party in the profit and loss account. Confirm the current text of section 182 before a company contributes.

Limits

- There is no separate percentage limit. The whole contribution qualifies.
- The total of all deductions in Chapter VIII (including this one) cannot exceed gross total income (section 122(2) of the 2025 Act). A donation cannot create a loss.
- No deduction is allowed for a cash contribution, in any amount.

Documents to keep

- The party's receipt or acknowledgement, showing the donor's name, the amount, the date and the mode of payment.
- The bank statement showing the payment by cheque, draft, UPI or transfer.
- The party's registration details under section 29A, to be sure the recipient qualifies.

Example

A partner of a firm has a gross total income of ?9,00,000 and donates ?30,000 by bank transfer to a registered political party. Under the old regime he claims ?30,000 under section 80GGC (section 137), so his deduction is ?30,000 and his income after this deduction is ?8,70,000, before other deductions. Had he paid in cash, the deduction would have been nil.

Old regime only

Section 202 of the 2025 Act (the new regime) removes Chapter VIII deductions except sections 124(1), 124(2), 125(2) and 146. So sections 136 and 137 are not available in the new regime. Companies taxed at 22% or 15% (sections 200 and 201) also lose the deduction, since those regimes keep only sections 146 and 148.

Frequently asked questions

Who can claim section 80GGB?

An Indian company that contributes to a political party registered under section 29A of the Representation of the People Act, 1951, or to an electoral trust.

Who can claim section 80GGC?

Any assessee other than a local authority and an artificial juridical person wholly or partly funded by the Government (under the 1961 Act, also other than a company). It covers individuals, HUFs, firms, AOPs and BOIs.

Is there a limit on the deduction?

No separate limit. The whole contribution qualifies, but the total of all Chapter VIII deductions cannot exceed gross total income.

Can I pay in cash?

No. A contribution made in cash gets no deduction. Use a cheque, draft, bank transfer or another non-cash mode.

Can I claim it in the new tax regime?

No. Sections 136 and 137 of the 2025 Act are not among the Chapter VIII deductions kept by section 202, so they are available only in the old regime.

Official sources

- Income Tax Department: Income-tax Act 2025 as amended by Finance Act 2026 (sections 122, 136, 137, 202)
- Election Commission of India: registration of political parties under section 29A

Related reading

- Crackdown on Fraudulent ITR Claims: What Every Taxpayer Should Know
- How to Save Tax Other Than 80C: Deductions and Exemptions for 2026-27
- Required Documents for ITR compliances – FY 2024-25

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