



DEDUCTION IN RESPECT OF PURCHASE OF ELECTRIC VEHICLE (SECTION 80EEB)



INTRODUCTION

The world has started moving towards sustainable living which has given rise to the use of electric vehicles in daily life. The government, in a bid to promote the transition to renewable resources, has provided taxpayers with the option to avail tax deductions on the interest they pay for a loan taken for the purchase of an electric vehicle under Section 80EEB.

ELIGIBLE ASSESSEE

An Individual who has taken a loan for purchase of E-Vehicle from any Financial Institution and who has never owned an E-vehicle can avail such tax relief. Further, Interest payable on such loan would qualify for deduction under Section 80EEB.

CONDITIONS

The Assessee should be an Individual (i.e. Deduction not available to any other taxpayer)

Loan should be taken for purchase of an E-vehicle for personal use or business use. In case of business use any interest payment above Rs.1,50,000/- can be claimed as a business expense. To claim as a business expense, it is necessary that vehicle should be registered in the name of the owner or the business enterprise.

Loan should be sanctioning during the period between 01.04.2019 and 31.03.2023

Loan should be sanctioned by financial institution or a non-banking financial company.

PERIOD OF BENEFIT

The benefit of deduction under this section would be available from A.Y 2020-2021 and subsequent assessment years till the repayment of loan continues.

Not just the Income tax benefit, an EV purchase will also bring you tax benefit on GST, with the government having cut the rate to 5% from the earlier 12%

QUANTUM OF DEDUCTION

Interest payable, subject to a maximum of Rs.1,50,000/-and such Interest would not be allowed as deduction under any other provision of the Act for the same or any other assessment year.

Further note that deduction is available only on Interest paid not on Principal payment.

Do note that an individual taxpayer should obtain the interest paid certificate and keep the necessary documents such as tax invoice and loan documents handy at the time of filing of the return.

MEANING

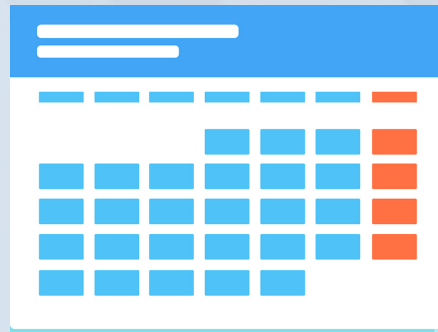
Financial Institution means:

A banking company to which the Banking Regulation Act, 1949 applies, or Any bank or banking institution referred to in section 51 of that Act and Any deposit taking non-banking financial company (NBFC) or A systemically important non-deposit taking NBFC i.e., a NBFC which is not accepting or holding public deposits and having total assets of not less than Rs.500 crore as per latest audited financial statements and is registered with RBI.

E-Vehicle means:

Vehicle which is powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle and has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy.

COMPLIANCE CALENDER May 2022



| GST | |
|---|------------|
| GSTR 3B APR 2022(Turnover in the previous financial year more than Five Crores) | 20-05-2022 |
| GSTR 3B DEC 2021 (Others) | 22-05-2022 |
| GSTR 1 APR (Turnover more than Rs. 1.5 Crores) | 11-05-2022 |
| Income Tax | |
| Deposit of TDS | 07-05-2022 |
| ESI | |
| Payment for the month of April 2022 | 15-05-2022 |
| PF | |
| Payment for the month of April 2022 | 15-05-2022 |
| Return Filing for the month of April 2022 | 25-05-2022 |