

9.3 Applicability - This amendment has been made effective retrospectively from 1st April, 2011 and will, accordingly, apply in relation to the assessment year 2011-12 and subsequent years.

10. Tax benefits for New Pension System (NPS)

10.1 Section 80CCD of the Income-tax Act provides, *inter alia*, a deduction under section 80CCD(1), in respect of contribution made by an employee, and a deduction under section 80CCD(2) in respect of the contribution made by the employer on behalf of the employee, to the New Pension System (NPS) account. In view of the existing provisions of section 80CCE, the aggregate deduction under sections 80C, 80CCC and 80CCD cannot exceed one lakh rupees.

10.2 Section 80CCE has been amended so as to provide that deduction under section 80CCD(2) in respect of the contribution made by the employer, on behalf of the employee, to the New Pension System (NPS) account, shall be excluded from the limit of one lakh rupees provided under section 80CCE. The contribution of the employer therefore will be available as a further deduction to the assessee over and above the deduction of Rs one Lakh under section 80CCE.

10.3 Under the existing provisions of the Act, the contribution made by an employer towards a recognised provident fund, an approved superannuation fund or an approved gratuity fund is allowable as a deduction from business income under clauses (iv) and (v) respectively, of section 36(1), subject to certain limits. However, section 36 does not provide for a similar deduction from business income in respect of the contribution made by the employer, on behalf of the employee, to the New Pension System (NPS) account.

10.4 Section 36 has been amended by insertion of a new clause (*iva*) in sub-section (1), to provide that any sum paid by the assessee as an employer by way of contribution towards a pension scheme on the behalf of an employee to the New Pension System (NPS) account, as referred to in section 80CCD shall be allowed as deduction in computing the income of the employer under the head "Profits and gains of business or profession", to the extent it does not exceed ten per cent, of the salary of the employee in the previous year.

10.5 Section 40A deals with expenses or payments not deductible in certain circumstances. Section 40A(9) has been amended to provide that a contribution made for the purposes and to the extent provided under section 36(1)(*iva*) would not be disallowed as a deduction in the hands of the employer.

10.6 Applicability - These amendments take effect from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2012-13 and subsequent years.

11. Deduction for investment in long-term infrastructure bonds

11.1 Under the existing provisions of section 80CCF, a sum of Rs. 20,000 (over and above the existing, limit of Rs. 1 lakh available under section 80CCE for tax savings on account of specified investments), is allowed as deduction in computing the total income of an individual or a Hindu undivided family if that sum is paid or deposited during the previous year relevant to the assessment year 2011-12 in long-term infrastructure bonds as notified by the Central Government.

11.2 The availability of this deduction has been extended to the year 2011-12 (assessment year 2012-13) also, if the sum is paid or deposited during the F.Y 2011-12 in the aforesaid bonds.

11.3 Applicability - This amendment takes effect from 1st April, 2012 and will accordingly apply in relation to