

Deduction in respect of interest on loan taken for higher education.

80E. (1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of interest on loan taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education or for the purpose of higher education of his relative.

(2) The deduction specified in sub-section (1) shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial assessment year or until the interest referred to in sub-section (1) is paid by the assessee in full, whichever is earlier.

(3) For the purposes of this section,—

- (a) “approved charitable institution” means an institution specified in, or, as the case may be, an institution established for charitable purposes and approved by the prescribed authority under clause (23C) of section 10 or an institution referred to in clause (a) of sub-section (2) of section 80G;
- (b) “financial institution” means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (c) “higher education” means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognised by the Central Government or State Government or local authority or by any other authority authorised by the Central Government or State Government or local authority to do so;
- (d) “initial assessment year” means the assessment year relevant to the previous year, in which the assessee starts paying the interest on the loan;
- (e) “relative”, in relation to an individual, means the spouse and children of that individual or the student for whom the individual is the legal guardian.