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INCOME-TAX ACT, 2025

D: Deductions in respect of other incomes

Section 153 - Deduction for interest on deposits.

(1) An assessee who is––

(a) an individual, not being a senior citizen; or

(b) an individual, being a senior citizen; or

(c) a Hindu undivided family,

shall be allowed a deduction from the gross total income, subject to conditions specified in sub-section (2), where it includes income by way of interest on deposits with––

(i) a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act); or

(ii) a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or

(iii) a Post Office as defined in section 2(k) of the Post Office Act, 2023.

(2) The deduction under sub-section (1) shall be allowed for a tax year as follows:—

(a) in case of an assessee mentioned in sub-section (1)(a) or (c), the whole of the interest up to a maximum amount of ₹ 10000 on deposits in a savings account, excluding time deposits;

(b) in case of an assessee mentioned in sub-section (1)(b), the whole of the interest up to a maximum amount of ₹ 50000 on deposits in any account, including time deposits.

(3) Where the income referred to in sub-section (2)(a) is derived from any deposit in a savings account held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of such association or any individual of such body of individuals.

(4) Where the income referred to in sub-section (2)(b) is derived from any deposit held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of such association or any individual of such body of individuals.

(5) For the purposes of this section, the expression “time deposits” means the deposits repayable on expiry of fixed periods.

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