

HEALTH INSURANCE

Do's & dont's for availing tax benefits

OPD subscription plans are not eligible for any tax sops

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WHILE INDIVIDUALS BUY a health insurance policy for financial protection and benefit from the tax deductions, they must comply with the conditions laid under Section 80D of the Income Tax Act. The premiums paid for self, spouse and children are deductible up to ₹25,000 if all of them are below the age of 60, including the preventive health checkup. Those above 60 years of age can claim tax deduction of up to ₹50,000.

Moreover, one can avail tax deduction for health insurance premiums paid for parents. Tax deduction can be availed for both types of policies — defined benefit where a fixed amount is paid as claim and indemnity plan where the claim is paid based on the medical expenses subject to the overall sum insured.

Conditions for tax benefits

However, tax deduction on health insurance comes with certain conditions. If they are not followed, then the insured will not be able to claim any tax exemption and the exemptions can be reversed. For one, the health insurance premium must be paid by any mode such as cheque, or money transferred through NEFT or UPI other than cash. However, cash payment on account of preven-

Tax deduction for medical insurance premium

Deduction under Section 80D		Self (below 60 years) + family ■ Parents (below 60 yrs)	Self (below 60 years) + family ■ Parents (above 60 yrs)	Self (above 60 years) + family ■ Parents (above 60 yrs)
Insurance premium	Self + family	25,000	25,000	50,000
	Parents	25,000	50,000	50,000
Preventive health checkup	Self + family	5,000	5,000	7,000
	Parents	5,000	7,000	7,000
Total ceiling under Section 80D		50,000	75,000	1,00,000

tive health check-up is admissible for tax benefit.

If the premium is paid by another person on behalf of the individual claiming the tax deduction, then the latter will not be able to claim any tax exemption. The premium has to be paid from the taxable income of the person who wants to claim the tax benefit. Even in a floater plan, the tax benefit cannot be shared.

Those buying a multi-year policy can claim tax deduction proportionately over the policy term. The individual will have to take a certificate from the insurer mentioning the amount that can be claimed. However, one cannot claim any tax benefit on the health insurance premium paid for in-laws and siblings, even if they are dependent on them for finances.



You cannot avail tax deduction on outpatient department treatment (OPD) health subscription plans as they are not health insurance plans under Section 80D. However, cashless OPD treatment cover and riders such as critical illness will entail tax benefits within the overall limit as per the insured's age bracket.

Treatment for a dependent

A resident individual incurring medical expense of a dependent (spouse, children, parents, brothers and sisters) with a disability can claim deduction under Section 80DD. If the taxpayer incurs any expenditure, then a flat ₹75,000 deduction is available. If the dependent person is suffering from 80% or above disability, then deduction of ₹1,25,000 is available.