

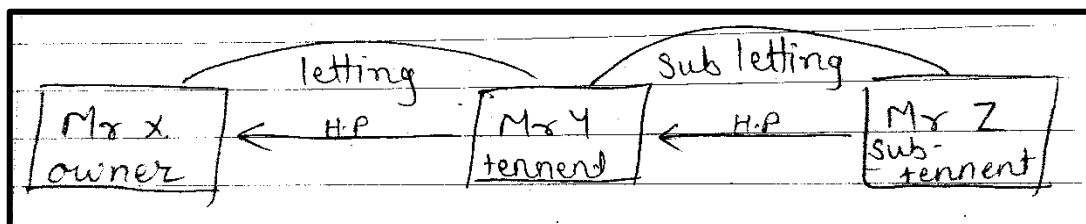
INCOME FROM HOUSE PROPERTY

Rental Income shall be Taxable under this head, only if 2 condition are satisfied,

1. There must be a HOUSE PROPERTY :

The term HOUSE PROPERTY means any structure of 4 walls and a roof, if may be for residential purpose or may be for commercial. For e.g. flat, bungalow, factory, show rooms, shops etc.

2. Assessee must be OWNER of the HOUSE PROPERTY.



In the above example rental income earned by Mr. Y shall not be taxable under the head of HOUSE PROPERTY. Because Mr. Y is not an owner of HOUSE PROPERTY

TYPES OF HOUSE PROPERTY :

- A. Let Out Property
- B. Self-Occupied Property
 1. Self-Occupied Property for Business (IGNORE)
 2. Self-Occupied Property for Resident
 - i. One Self-Occupied Property is EXEMPT
 - ii. Remaining Self-Occupied Property is taxable as DEEMED TO BE LET OUT PROPERTY
- C. Vacant + Let Out Property

ABBREVIATIONS :

LOP : Let Out Property
 SOP (B) : Self-Occupied Property for Business
 SOP (R) : Self-Occupied Property for Resident
 DLOP : Deemed To Be Let Out Property
 VLOP : Vacant + Let Out Property

Format for calculation of GROSS ANNUAL VALUE (GAV)

Particulars	HP
i. Municipal Value	XXX
ii. Fair Rent	XXX
iii. Whichever is higher from (i) & (ii)	XXX
iv. Standard Rent	XXX
v. Whichever is lower from (iii) & (iv)	XXX
vi. Actual Rent	XXX
Whichever is higher is GAV	XXX

Municipal value :

Municipal value means value as per municipal records. It is also known as **Ratable Value**.

Fair Rent :

Fair rent means rent from a similar property in a similar locality. It is also known as **Reasonable Value, Reasonable Letting Value, Best Estimate Of Rate**.

Standard Rent :

Standard Rent means the maximum rent which can be legally recover by owner from the tenant. It is also known as **Rent As Per Rent Control Act**.

Actual Rent :

Actual Rent means the rent actually charged to / recover from the tenant.

STATEMENT OF INCOME FROM HOUSE PROPERTY

Particulars	HP 1 (LOP/SOP)	HP 2 (LOP/SOP)	HP 3 (LOP/SOP)
i. Municipal Value	XXX	XXX	XXX
ii. Fair Rent	(XXX)	(XXX)	(XXX)
iii. Whichever is higher from (i) & (ii)	XXX	XXX	XXX
iv. Standard Rent	(XXX)	(XXX)	(XXX)
v. Whichever is lower from (iii) & (iv)	XXX	XXX	XXX
vi. Actual Rent	(XXX)	(XXX)	(XXX)
Whichever is higher is GAV	XXX	XXX	XXX
LESS : Municipal Tax Paid by Owner	(XXX)	(XXX)	(XXX)
Net Annual Value (NAV)	XXX	XXX	XXX
LESS : Deduction U/S 24			
➤ Standard Ded ⁿ (30% of NAV)	(XXX)	(XXX)	(XXX)
➤ Interest On Loan	(XXX)	(XXX)	(XXX)
Taxable IFHP	XXX	XXX	XXX
Total Taxable IFHP		XXXX	

NOTE – 1 MUNICIPAL TAX PAID.

Municipal Taxes means taxes paid to municipality or local authority.

Following important points

1. Municipal tax shall be allowed as an expense only if they are actually paid up to end of the previous year i.e. 31st march 2021; if municipal tax is unpaid or o/s then it shall not be allowed.
2. Municipal Tax must be paid by the owner, if paid by tenant is not allowed.
3. Municipal Tax is paid by owner, but reimbursed by tenant shall be not allowed but Municipal Tax is paid by tenant, but reimbursed by owner shall be allowed.
4. If municipal tax is given in percentage (%) form then such percentage must be applied on municipal value.
5. Municipal Taxes are also known as
 - a. Local Authority Tax
 - b. Property Tax
 - c. Corporation Tax
 - d. Water Benefit Tax
 - e. Sewerage Tax
 - f. Education Cess Etc..

Municipal Tax paid in current PY, is allowed irrespective are, whether they are past PY, current PY or future PY.

NOTE – 2 STANDARD DEDUCTION :

Standard deduction shall always be allowed @30% of Net Annual Value (NAV). Any other expense given in question shall always be ignored.

e.g. repairs, ground rent, insurance, land revenue rent etc..

NOTE – 3 INTEREST ON LOAN

Interest on Loan shall be allowed as deduction only if the loan is taken for HOUSE PROPERTY.

For e.g. Purchase, Construction, repairs, renovation of house property

Interest on Loan is allowed on due basis. i.e. current year interest shall be allowed in current year it self, whether it is paid or o/s.

ONLY IN SOP (R)

The deduction is allowed on interest on loan with the maximum limit to Rs. 30,000.

In case of 2 condition are satisfied the maximum interest on loan allowed shall be Rs. 2,00,000

Conditions :

1. Loan must be taken on or after 1/04/1999
2. Loan must be use for purchase or construction of HOUSE PROPERTY
 - In case if loan is taken before 1/04/1999 or is taken for repair or renovation then the maximum interest on loan amount shall be restricted to Rs. 30,000.
 - In case the date of loan is not given, then it shall be assumed that the loan is taken on or after 1/04/1999 for purchase or construction of HOUSE PROPERTY.

~: SUMS :~

Q – 1)

Find out the Gross Annual Value in the following cases

Particulars	Property				
	I	II	III	IV	V
Municipal Value	5000	5000	5000	5000	5000
Rent Receivable	5200	5200	5700	5700	6000
Fair Rentable Value	5600	5600	5600	5800	6100
Standard Rent under Rent Act	NA	5500	5500	5500	7300

Solution :

Statement of calculating Gross Annual Value

Particulars	HP 1	HP 2	HP 3	HP 4	HP 5
i. Municipal Value	5,000	5,000	5,000	5,000	5,000
ii. Fair Rent	5,600	5,600	5,600	5,800	6,100
iii. Whichever is higher from (i) & (ii)	5,600	5,600	5,600	5,800	6,100
iv. Standard Rent	-	5,500	5,500	5,500	7,300
v. Whichever is lower from (iii) & (iv)	5,600	5,500	5,500	5,500	6,100
vi. Actual Rent	5,200	5,200	5,700	5,700	6,000
Whichever is higher is GAV	5,600	5,500	5,700	5,700	6,100

Q – 2)

Mr. Ajay is owner of 3 house property in Delhi, particular in respect of which for the year ended 31st march 2024 are as follow:

Particular	H – 1	H – 2	H – 3
Municipal value	90,000	47,000	52,000
Fair rent	66,000	30,000	38,000
Rent p.a.	72,000	30,000	36,000
Municipal tax paid by owner	15,000	12,000	14,000
Cost of repair paid by owner	20,000	-	13,000
Interest on loan taken for construction			
Paid	12,000	16,000	8,000
Out standing	13,000	1,500	5,000

Calculate income from house property.

Solution :

Statement Of Income From House Property

Particulars	HP 1	HP 2	HP 3
i. Municipal Value	90,000	47,000	52,000
ii. Fair Rent	66,000	30,000	38,000
iii. Whichever is higher from (i) & (ii)	90,000	47,000	52,000
iv. Standard Rent	-	-	-
v. Whichever is lower from (iii) & (iv)	90,000	47,000	52,000
vi. Actual Rent	72,000	30,000	36,000
Whichever is higher is GAV	90,000	47,000	52,000
LESS : Municipal Tax Paid by Owner	(15,000)	(12,000)	(14,000)
Net Annual Value (NAV)	75,000	35,000	38,000
LESS : Deduction U/S 24			
➤ Standard Ded ⁿ (30% of NAV)	(22,500)	(10,500)	(11,400)
➤ Interest On Loan	(25,000)	(17,500)	(13,000)
Taxable IFHP	27,500	7,000	13,600
Total Taxable IFHP		48,100	

Q – 3)

From the following details, calculate income from house property for the previous year 2023-24

Particular	H – 1	H – 2	H – 3
Municipal value	80,000	1,20,000	2,00,000
Reasonable rent (FAIR RENT)	90,000	1,10,000	2,10,000
Standard rent	84,000	-	2,20,000
Rent received	78,000	1,32,000	2,20,000
Municipal tax			
Paid	6,000	10,000	2,000
O/s	2,000	-	15,000
Insurance premium	1,000	2,000	3,000
Annual charges	3,000	-	6,000
Interest on loan			
For construction	12,000	28,000	-
For repairs / renovation	-	12,000	-
For son's marriage	-	-	16,000

Solution :

Statement Of Income From House Property

Particulars	HP 1	HP 2	HP 3
i. Municipal Value	80,000	1,20,000	2,00,000
ii. Fair Rent	90,000	1,10,000	2,10,000
iii. Whichever is higher from (i) & (ii)	90,000	1,20,000	2,10,000
iv. Standard Rent	84,000	-	2,20,000

v. Whichever is lower from (iii) & (iv)	84,000	1,20,000	2,10,000
vi. Actual Rent	78,000	1,32,000	2,20,000
Whichever is higher is GAV	84,000	1,32,000	2,20,000
LESS : Municipal Tax Paid by Owner	(6,000)	(10,000)	(2,000)
Net Annual Value (NAV)	78,000	1,22,000	2,18,000
LESS : Deduction U/S 24			
➤ Standard Ded ⁿ (30% of NAV)	(23,400)	(36,600)	(65,400)
➤ Interest On Loan	(12,000)	(40,000)	-
Taxable IFHP	42,600	45,400	1,52,600
Total Taxable IFHP		2,40,600	

Q – 4)

R owns a house property which is self occupied by him till 30/11/2019 and there after let out for Rs. 10,000 p.m. the municipal value of house property is Rs. 1,00,000, fair rent Rs. 1,20,000, R paid municipal tax during previous year Rs. 50,000 (including Rs. 20,000 of past pervious year). Determine the income from house property of R.

Solution :

Statement Of Income From House Property

Particulars	HP
i. Municipal Value	1,00,000
ii. Fair Rent	1,20,000
iii. Whichever is higher from (i) & (ii)	1,20,000
iv. Standard Rent	-
v. Whichever is lower from (iii) & (iv)	1,20,000
vi. Actual Rent (20,000 x 4)	40,000
Whichever is higher is GAV	1,20,000
LESS : Municipal Tax Paid by Owner	(50,000)
Net Annual Value (NAV)	70,000
LESS : Deduction U/S 24	
➤ Standard Ded ⁿ (30% of NAV)	(21,000)
➤ Interest On Loan	-
Taxable IFHP	49,000