

Q – 5)

Mr. Aakar is the owner of 2 house property details of which as follow:

Particular	HP 1	HP 2
Date of acquisition	01/01/1992	01/05/2000
Municipal value (after deducting municipal tax)	2,16,000	5,00,000
Municipal tax	24,000	50,000
Municipal tax paid	20,000	55,000
Actual rent p.m.	22,000	-

Mr. Aakar had borrowed Rs. 4,00,000 at 12% p.a. for repairing house 2 on 01/04/2019.

Calculate income from house property.

Solution :**Statement Of Income From House Property**

Particulars	HP 1	HP 2
i. Municipal Value	2,40,000	-
ii. Fair Rent	-	-
iii. Whichever is higher from (i) & (ii)	2,40,000	-
iv. Standard Rent	-	-
v. Whichever is lower from (iii) & (iv)	2,40,000	-
vi. Actual Rent (22,000 x 12)	2,64,000	-
Whichever is higher is GAV	2,64,000	-
LESS : Municipal Tax Paid by Owner	(20,000)	-
Net Annual Value (NAV)	2,44,000	-
LESS : Deduction U/S 24		
➤ Standard Ded ⁿ (30% of NAV)	(73,200)	-
➤ Interest On Loan	-	(30,000)
Taxable IFHP	1,70,800	(30,000)
Total Taxable IFHP	1,40,200	

Working note:

Interest on loan (HP 2) (SOPR)

$4,00,000 \times 12\% = 48,000$

In SOPR maximum interest on loan is deducted Rs. 30,000

Q – 6) Girish is owner of 2 house property in Bangalore. Particulars of which for the year ended 31st march 2024 are as follow :

Particular	HP 1	HP 2
Municipal value	24,000	30,000
Fair rent	28,000	36,000
Actual rent received	36,000	-
Municipal tax paid by Girish	2,400	3,000
Rent collection charges	600	-
Interest on loan paid out side India Without deducting TDS	20,000	-

Solution :

Statement Of Income From House Property

Particulars	HP 1	HP 2
i. Municipal Value	24,000	-
ii. Fair Rent	28,000	-
iii. Whichever is higher from (i) & (ii)	28,000	-
iv. Standard Rent	-	-
v. Whichever is lower from (iii) & (iv)	28,000	-
vi. Actual Rent	36,000	-
Whichever is higher is GAV	36,000	-
LESS : Municipal Tax Paid by Owner	(2,400)	-
Net Annual Value (NAV)	33,600	-
LESS : Deduction U/S 24		
➤ Standard Ded ⁿ (30% of NAV)	(10,080)	-
➤ Interest On Loan	-	-
Taxable IFHP	23,520	NIL
Total Taxable IFHP	23,520	

Q – 7)

Jigar occupied 2 flats for his residential purpose, particular of which are as follow,

Particulars	HP 1	HP 2
Municipal value	80,000	2,00,000
Fair rent	90,000	1,85,000
Municipal tax paid	8,000	20,000
Fire insurance	5,000	7,000
Interest on loan for construction	20,000	40,000

Calculate IFHP.

Solution :

Statement Of Income From House Property

Particulars	Option 1		Option 2	
	HP 1	HP 2	HP 1	HP 2
	SOPR	DLOP	DLOP	SOPR
i. Municipal Value	-	2,00,000	80,000	-
ii. Fair Rent	-	1,85,000	90,000	-
iii. Whichever is higher from (i) & (ii)	-	2,00,000	90,000	-
iv. Standard Rent	-	-	-	-
v. Whichever is lower from (iii) & (iv)	-	2,00,000	90,000	-
vi. Actual Rent	-	-	-	-
Whichever is higher is GAV	-	2,00,000	90,000	-
LESS : Municipal Tax Paid by Owner	-	(20,000)	(8,000)	-
Net Annual Value (NAV)	-	1,80,000	82,000	-
LESS : Deduction U/S 24				
➤ Standard Ded ⁿ (30% of NAV)	-	(54,000)	(24,600)	-
➤ Interest On Loan	(20,000)	(40,000)	(20,000)	(40,000)
Taxable IFHP	(20,000)	86,000	37,400	(40,000)
Total Taxable IFHP	66,000		(2,600)	

Q – 8) Mr. Ajay is the owner of 2 house property, from the following details calculate his IFHP

Particulars	HP 1	HP 2
Municipal value	1,20,000	1,00,000
Reasonable letting value	1,30,000	1,10,000
Standard rent	1,35,000	1,00,000
Actual rent per month	9,000	11,000
Vacancy period	3 months	4 months
Municipal tax		
Paid	8,000	12,000
O/s	2,000	-
Interest on loan taken for construction		
Paid	10,000	12,000
O/s	4,000	3,000

Solution :

Statement Of Income From House Property

Particulars	HP 1	HP 2
i. Municipal Value	1,20,000	1,00,000
ii. Fair Rent	1,30,000	1,10,000
iii. Whichever is higher from (i) & (ii)	1,30,000	1,10,000
iv. Standard Rent	1,35,000	1,00,000
v. Whichever is lower from (iii) & (iv)	1,30,000	1,00,000
vi. Actual Rent	81,000	88,000
Whichever is higher is GAV	1,30,000	88,000
LESS : Municipal Tax Paid by Owner	(8,000)	(12,000)
Net Annual Value (NAV)	1,22,000	76,000
LESS : Deduction U/S 24		
➤ Standard Ded ⁿ (30% of NAV)	(36,600)	(22,800)
➤ Interest On Loan	(14,000)	(15,000)
Taxable IFHP	71,400	38,200
Total Taxable IFHP	1,09,600	

Q – 9) For assessment year 2024-25 Mr. Anurag provides following information

Particular	HP 1	HP 2	HP 3
Municipal ratable value	2,20,000	3,25,000	2,60,000
Standard rent	1,40,000	3,00,000	-
Expected fair rent	1,30,000	3,30,000	66,000
Rent p.m.	12,000	25,000	4,800
Vacancy	3 months	2 months	2 months
Municipal tax paid during 2023-24			
For 2023-24	1,000	15,000	5,000
For 2022-23	5,000	-	6,000
Municipal tax outstanding	7,000	15,000	-
Interest on load (including penal int. Rs. 2,000)	-	36,000	-

Solution :

Statement Of Income From House Property

Particulars	HP 1	HP 2	HP 3
i. Municipal Value	2,20,000	3,25,000	2,60,000
ii. Fair Rent	1,30,000	3,30,000	66,000
iii. Whichever is higher from (i) & (ii)	2,20,000	3,30,000	2,60,000
iv. Standard Rent	1,40,000	3,00,000	-
v. Whichever is lower from (iii) & (iv)	1,40,000	3,00,000	2,60,000
vi. Actual Rent	1,08,000	2,50,000	48,000
Whichever is higher is GAV	1,08,000	2,50,000	2,60,000
LESS : Municipal Tax Paid by Owner	(6,000)	(15,000)	(11,000)
Net Annual Value (NAV)	1,02,000	2,35,000	2,49,000
LESS : Deduction U/S 24			
➤ Standard Ded ⁿ (30% of NAV)	(30,600)	(70,500)	(74,700)
➤ Interest On Loan	-	(34,000)	-
Taxable IFHP	71,400	1,30,500	1,74,300
Total Taxable IFHP		3,76,200	

Q – 10) Mr. vijay and his two brothers become owners of the house “Pitruchaya” after the death of their father on 2-2-2001 the house is situated at pune which was let out. The house was constructed in 1995. Following information relates to the year ended 31st march 2024

Particular	Rs.
Rent received	80,000
Municipal value	75,000
Repairs	15,000
Insurance premium paid	1,000
Ground rent	2,000

Municipal tax amounting to Rs, 15,000 were outstanding as on 31-3-2024

You are required to calculate income from house property of Mr. Vijay for the assessment year 2024-25

Solution :

Statement Of Income From House Property

Particulars	HP 1
i. Municipal Value	75,000
ii. Fair Rent	-
iii. Whichever is higher from (i) & (ii)	75,000
iv. Standard Rent	-
v. Whichever is lower from (iii) & (iv)	75,000
vi. Actual Rent	80,000
Whichever is higher is GAV	80,000
LESS : Municipal Tax Paid by Owner	-
Net Annual Value (NAV)	80,000
LESS : Deduction U/S 24	
➤ Standard Ded ⁿ (30% of NAV)	(24,000)
➤ Interest On Loan	-
Taxable IFHP	56,000

PRE CONSTRUCTION PERIOD

Q – 1 What is Pre-Construction Period?

Pre-construction period means the total period starting from date of loan & ending up to the year of completion of construction of HP. (preceding 31st march)

Q – 2 What is pre-construction interest?

Pre-construction interest means the total interest of the pre-construction period

Q – 3 How is Pre-Construction interest allowed as deduction?

The total Pre-Construction Interest shall be allowed as deduction in 5 equal installment i.e. 1/5 every year starting from the PY in which the construction is completed.

Example.

Mr. A took a loan of Rs. 1,00,000 @ 10% p.a. on 1st April 2016 for construction of house property. The construction was completed on 31st August 2019. Calculate the total Pre-Construction interest and total interest allowed for PY 2023-24.

Solution:

Working note for interest on loan.

Particular	PY	Amount	
Loan taken (1 st April 2016)	16-17	10,000	Total pre-construction interest = $1/5 \times 30,000$ = 6,000
	17-18	10,000	
	18-19	10,000	
Construction completed (31 st march 2018)	19-20	10,000	1 st + 6,000
	20-21	10,000	2 nd + 6,000 = 16,000
	21-22	10,000	3 rd + 6,000 = 16,000
	22-23	10,000	4 th + 6,000 = 16,000
	23-24	10,000	5 th + 6,000 = 16,000
	24-25	10,000	-

Interest amount = $1,00,000 \times 10\% = \text{Rs. } 10,000$

Q – 10)

Mr. Ajit is the owner of house at thane. Municipal valuation of the property is Rs. 26,000. Fair rent is Rs. 24,000. The house is used by him for his own residential purpose throughout the PY 2023-24. Following are the expenses incurred Mr. Ajit in connection with the house property

Municipal tax – Rs. 5,200

Repairs – Rs. 1,750

Fire insurance – Rs. 1,900

Land revenue – Rs. 3,600

Mr. Ajit borrow Rs. 95,000 on 1st April 2021 @10% p.a. for the construction of HP, the construction of which completed on 31st march 2023.

Calculate income from HP for Mr. Ajit for the AY 2024-25

Solution:**Statement Of Income From House Property**

Particulars	HP 1
i. Municipal Value	-
ii. Fair Rent	-
iii. Whichever is higher from (i) & (ii)	-
iv. Standard Rent	-
v. Whichever is lower from (iii) & (iv)	-
vi. Actual Rent	-
Whichever is higher is GAV	-
LESS : Municipal Tax Paid by Owner	-
Net Annual Value (NAV)	-
LESS : Deduction U/S 24	
➤ Standard Ded ⁿ (30% of NAV)	-
➤ Interest On Loan	(13,300)
Taxable IFHP	(13,300)

Working note for interest on loan.

Interest amount = $95,000 \times 10\% = \text{Rs. } 9,500$

Particular	PY	Amount	
Loan taken (1 st April 2017)	21-22	9,500	Total pre-construction interest = $1/5 \times 19,000$ = 3,800
Construction completed (31 st march 2018)	22-23	9,500	
	23-24	9,500	1st + 3,800 = 13,300

UNREALISED RENT (UR):

Unrealized rent means rent not realized i.e. bad debts

If unrealized rent is allowed as unrealized rent by the assessing officer(AO) then it shall not be taken in actual rent.

In case the unrealized rent is not allowed as unrealized rent by the assessing officer(AO) than it shall be taken as actual rent.

Example.

- Let out = 10 month
UR = 2 month (UR is **allowed** as UR by AO)

Solution.

In above case actual rent shall be taken for **10 months**

Example.

- Let out = 10 month
UR = 2 month (UR is **not allowed** as UR by AO)

Solution.

In above case actual rent shall be taken for **12 months (full month)**

RECOVERY OF UNREALIZED RENT:

Recovery of unrealized rent shall be taxable in the previous year which such amount is recover.

Taxable amount shall be calculated as follow,

Total unrealized rent received	XXXXX
(-) not allowed in past	<u>(XXXX)</u>
TAXABLE AMOUNT	<u>XXXXX</u>

Recovery of UR shall be taxable under the IFHP if the assessee is not the owner of HP in the year in which such amount is recover.

Q – 11)

During the PY 2017-18 Mr. Rahim had claimed deduction of unrealized rent of Rs. 10,000 of which Rs. 7,000 is allowed as deduction for that year. During the PY 2023-24 Mr. Rahim recovers Rs. 5,000 from the defaulting tenant. Calculate the taxable amount.

Solution.

PY 2017-18

Unrealized rent = Rs. 10,000

Allowed in past = Rs. 7,000

Not allowed in past = Rs. 3,000

PY 2023-24

Total amount recover = Rs. 5,000

(-) not allowed in past = Rs. 3,000

Taxable Amount = Rs. 2,000

Q – 12)

Mr. Ram owns a house property at Vapi which is let out for residential purpose, particulars of which are as follow.

Rent of the house and amount charged for different amenities Rs. 1,32,000

Municipal tax paid by tenant Rs. 3,000

Municipal value Rs. 85,000

Insurance Rs. 1,000

During the PY 2015-16 Mr. Ram has claimed deduction of unrealized rent of Rs. 15,000 of which Rs. 11,000 is allowed as deduction for that year. During the PY 2023-24 Mr. Ram however, recovers Rs. 7,000 from the defaulting tenant. Expenditure on recovery of rent Rs. 600

Rent of Rs. 1,32,000 is determined as under:

Rent of house Rs. 80,000

Water charges Rs. 8,000

Electricity charges Rs. 22,000

Lift charges Rs. 10,000

Security charges Rs. 12,000

Determine income from house property.

Solution:**Statement Of Income From House Property**

Particulars	HP 1
i. Municipal Value	85,000
ii. Fair Rent	-
iii. Whichever is higher from (i) & (ii)	85,000
iv. Standard Rent	-
v. Whichever is lower from (iii) & (iv)	85,000
vi. Actual Rent	80,000
Whichever is higher is GAV	85,000
LESS : Municipal Tax Paid by Owner	-
Net Annual Value (NAV)	85,000
LESS : Deduction U/S 24	
➤ Standard Ded ⁿ (30% of NAV)	(25,500)
➤ Interest On Loan	-
	59,500
+ Recovery of UR	3,000
Taxable IFHP	62,500

Working note:

PY 2015-16

Unrealized rent = Rs. 15,000

Allowed = Rs. 11,000

Not allowed = Rs. 4,000

PY 2023-24

Total amount received = Rs. 7,000

(-) not allowed = Rs. 4,000Taxable amount = Rs. 3,000**Arrears of rent:**

Arrears of rent means rent under dispute. It is taxable under the head of Income From House Property in the PY in which the dispute is settled and amount is actually received.

The taxable amount is calculated as follow:

= total arrears of rent received x 70%

Q – 13) Mr. sunil is owner of the house property.

Municipal value = Rs. 4,00,000

Fair rent = Rs. 6,00,000

Actual rent = Rs. 8,00,000

Tax rate = 10%

Interest on loan for repairs = Rs. 50,000

He received arrears of rent = Rs. 1,00,000

Calculate his IFHP.

Solution:**Statement Of Income From House Property**

Particulars	HP 1
i. Municipal Value	4,00,000
ii. Fair Rent	6,00,000
iii. Whichever is higher from (i) & (ii)	6,00,000
iv. Standard Rent	-
v. Whichever is lower from (iii) & (iv)	6,00,000
vi. Actual Rent	8,00,000
Whichever is higher is GAV	8,00,000
LESS : Municipal Tax Paid by Owner	(40,000)
Net Annual Value (NAV)	7,60,000
LESS : Deduction U/S 24	
➤ Standard Ded ⁿ (30% of NAV)	(2,28,000)
➤ Interest On Loan	(50,000)
	4,82,000
+ Arrears of rent (1,00,000 x 70%)	70,000
Taxable IFHP	5,52,000

Partly let out property:

In case, if some area or portion is self occupied by the owner, while the remaining area or portion is let out, then such property is treated as a partly let out property.

In such case we must have to prepare two columns i.e. 1 for LOP and 2nd for SOPR. All amount given in the question shall be divided between the 2 portion i.e. municipal value, fair rent, standard rent, expected rent etc. however actual rent must not divide and taken in LOP portion.

Q – 13)

Mr. Ali is the owner of the house property, construction was completed in April 1997. Details regarding the property are,

Self-occupied portion = $\frac{1}{4}$

Let out portion = $\frac{3}{4}$

Rent received = Rs. 2,800 p.m. x 12

Municipal value = Rs. 70,000

Fair rent = Rs. 80,000

Municipal tax paid = Rs. 7,000

Interest on loan = Rs. 10,000

Calculate taxable income from house property

Solution:**Statement Of Income From House Property**

Particulars	HP 1	
	LOP (75%)	SOPR
i. Municipal Value	52,500	-
ii. Fair Rent	60,000	-
iii. Whichever is higher from (i) & (ii)	60,000	-
iv. Standard Rent	-	-

v. Whichever is lower from (iii) & (iv)	60,000	-
vi. Actual Rent	33,600	-
Whichever is higher is GAV	60,000	-
LESS : Municipal Tax Paid by Owner	(5250)	-
Net Annual Value (NAV)	54,750	-
LESS : Deduction U/S 24		
➤ Standard Ded ⁿ (30% of NAV)	(16,425)	-
➤ Interest On Loan	(7,500)	(2,500)
Taxable IFHP	30,825	(2,500)
		28,325

Q.1. For assessment year 2024-25 **Mr. Jagdish** provides following information:

Particulars	H 1	H 2	H 3
Municipal Rateable Value	1,20,000	3,25,000	60,000
Standard Rent	1,40,000	3,00,000	-
Expected Fair Rent	1,30,000	3,30,000	66,000
Rent P. M.	12,000	25,000	4,800
Vacancy	2 months	1 month	3 months
<u>Municipal tax paid during P.Y. 2023-24</u>			
➔ For P.Y. 2022-23	1,000	15,000	5,000
➔ For P.Y. 2021-22	5,000	-	6,000
Municipal tax outstanding			
For P.Y. 2023-24	7,000	15,000	-
Int. on Loan	-	36,000	-
Interest on Loan paid outside India without deducting T.D.S.	-	-	10,000

Q.2. **Mr. A** owns a house at Pune. During the P.Y. 2023-24 it was let out for residential purpose from 1.8.2023 to 31.12.2023 and for remaining period it was self-occupied by owner. Rent Rs. 20,000 p.m.

Other particulars:

Municipal value	1,50,000
Municipal tax	15,000
Int. on loan for renovation	50,000
Pre-construction interest (Total)	12,500

Calculate income from house property for Assessment Year 2024-25.

Q.3. **Mr. Vishal** provides you following information for Previous Year 2023-24.

Particulars	H 1	H 2
Municipal Valuation	3,00,000	4,00,000
Fair Rent	3,25,000	4,50,000
Standard Rent	3,10,000	4,60,000
Rent P. A.	3,36,000	-
Unrealised Rent	36,000	-
Municipal tax	10%	40,000
<u>Municipal tax</u>		

Paid by owner	75%	-
Tenant	25%	-
Annual Charge	20,000	35,000
Interest on Loan	40,000	42,000

Calculate Taxable Income from House Property.

Q.4. Mr. Avinash owns a house property in Pune. The details of which are given below:

Rent received	:	Rs. 9,000 p.m.
Rateable value	:	Rs. 1,08,000
Vacancy	:	1 month
Local taxes Paid	:	Rs. 5,000

Mr. Avinash commenced construction on 1-3-2013 by taking a loan of Rs. 3,00,000 at 6% p.a. interest. Construction was completed on 31.3.2017. On 1.4.2018 he had repaid Rs. 1,00,000 towards principal.

You are required to calculate income from house property.

Q.5. Mr. Deepak has 3 properties, calculate his taxable income from House property.

House 1 :- Let-out for residential purpose. Actual rent (p.m.) Rs. 5,000/-. Ratable value Rs. 1,00,000/-. Standard rent Rs. 55,000/-. Vacancy 2 months. Municipal taxes paid by owner but reimbursed by tenant Rs. 5,000/-. Interest on loan used for repairs Rs. 35,000/- (including Rs. 10,000/- outstanding).

House 2 :- This house is self-occupied. Municipal value Rs. 3,00,000/-. Fair rent Rs. 4,00,000/-. Municipal taxes paid Rs. 5,000/-.

House 3 :- This house is also self-occupied. Fair rent is Rs. 5,00,000/-. Interest on loan borrowed for construction is Rs. 35,000/-.

Q.6. Sharma requests you to calculate income from house property from following details:

Rent received	Rs. 1,20,000
Fair rent	Rs. 1,60,000
Municipal tax	Rs. 5,000
Water benefit tax	Rs. 2,000
Land revenue	Rs. 1,000

Loan taken for construction Rs. 4,00,000 on 1.8.2011 and construction completed on 18.3.2018. Loan of Rs. 2,00,000 was repaid on 1.4.2018. Rate of interest 12% p.a.