



Income  
Under  
the head  
House  
Property





# Topics Covered

- Meaning
- Conditions
- Common Doubts
- Computation - Let Out
- Computation - Self Occupied

# Meaning



***Rental Income*** from a ***property*** being ***building or land appurtenant*** thereto of which the taxpayer is owner is charged to tax under the head “Income from house property”.

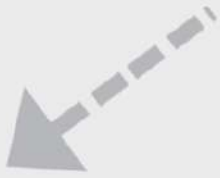


# Meaning



Rental  
Income  
(Includes  
loss also)  
received  
by the  
owner  
of the  
Property

## Conditions



### Condition No. 1

Property = Any Land  
or Building  
Appurtenant  
thereto

### Condition No. 2

The assessee is  
owner of the  
Property

### Condition No.3

Property is not  
held for Business  
or Profession



## Some Common Doubts Regarding Charging of Income under this head

### **Doubt No. 1**

How to treat Rental income from sub-letting ?

### **Answer**

Not Chargeable under the head "Income from House Property" but chargeable under head "Income From Other Sources"



## Some Common Doubts Regarding Charging of Income under this head

### **Doubt No. 2**

Rental Income from shop is Income under the head House Property

### **Answer**

Shop being a building, rental income will be charged to tax under the head “Income from house property”.

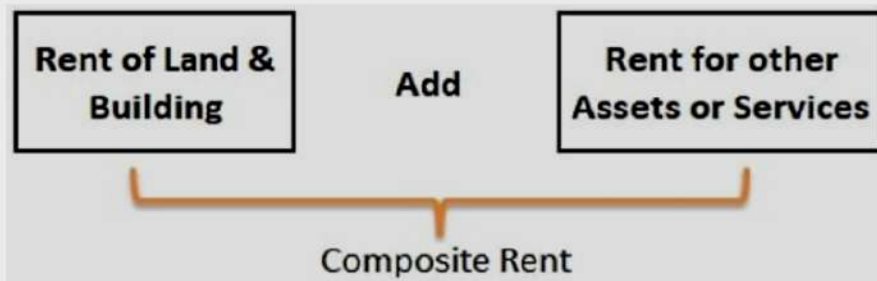


## Some Common Doubts Regarding Charging of Income under this head

### Doubt No. 3

Composite Rent Treatment

### Answer

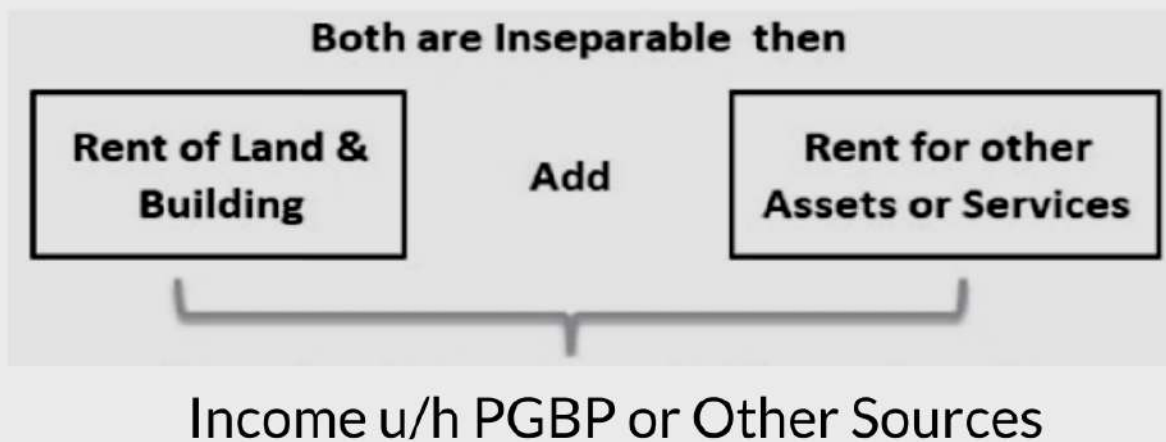






## Some Common Doubts Regarding Charging of Income under this head

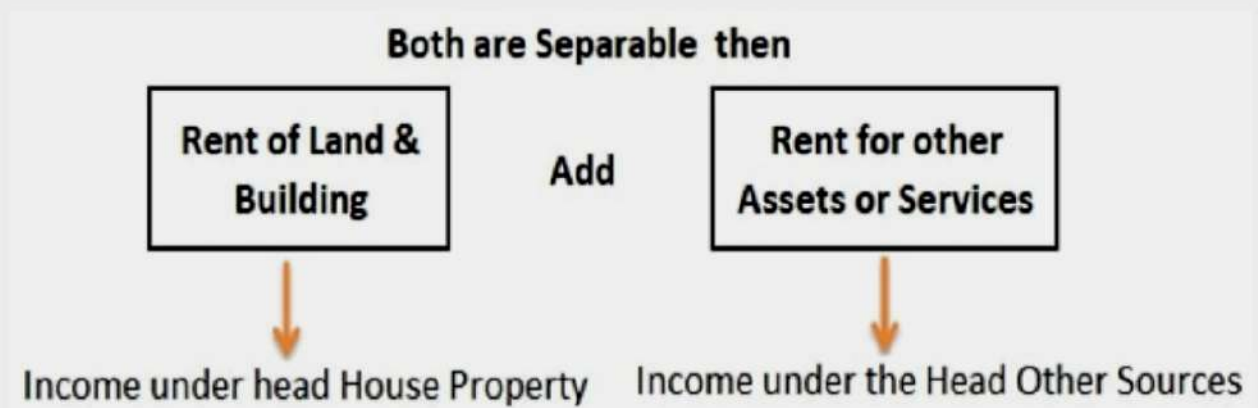
### Case 1





## Some Common Doubts Regarding Charging of Income under this head

### Case 2



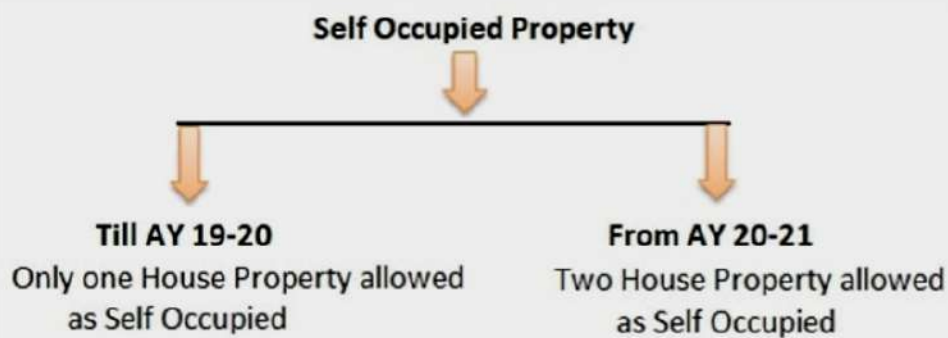


## Some Common Doubts Regarding Charging of Income under this head

### Doubt No. 4

How much Property can be self occupied?

### Answer





## Computation - Let Out

Gross Annual Value	Explanation 1	XXX
<u>Less: Municipal Taxes</u>	Explanation 2	<u>XXX</u>
Net Annual Value		XXX
Less: Deduction u/s 24		
Sec 24(a):30 % of NAV		XXX
<u>    Sec 24(b):Interest on Loan</u>	Explanation 3	<u>XXX</u>
<u>Income u/h House Property</u>		<u>XXX</u>



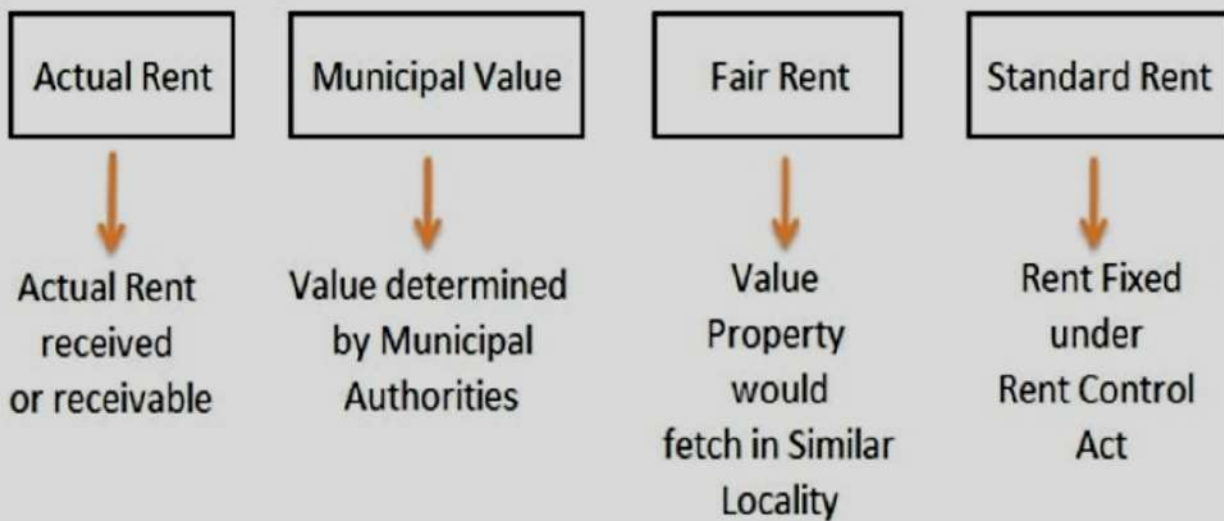
## Computation -Self Occupied

Gross Annual Value	Nil
<u>Less: Municipal Taxes</u>	<u>Nil</u>
Net Annual Value	Nil
Less: Deduction u/s 24	
Sec 24(a):30 % of NAV	Nil
<u>    Sec 24(b):Interest on Loan</u>	<u>XXX</u>
<u>Income/Loss u/h House Property</u>	<u>XXX</u>



# Explanation 1- Gross Annual Value

**Gross Annual Value is based upon following factors :**





# Explanation 1 - Gross Annual Value

Fair Rent  
Municipal Rent



Higher of two is  
***EXPECTED RENT***

Expected Rent  
Standard Rent



Lower of the two is  
***REASONABLE EXPECTED RENT***

Reasonable Expected Rent  
Actual Rent



Higher of the two is  
***GROSS ANNUAL VALUE***



## Explanation 2 - Municipal Taxes

Municipal Taxes are deducted only if following two conditions are satisfied:

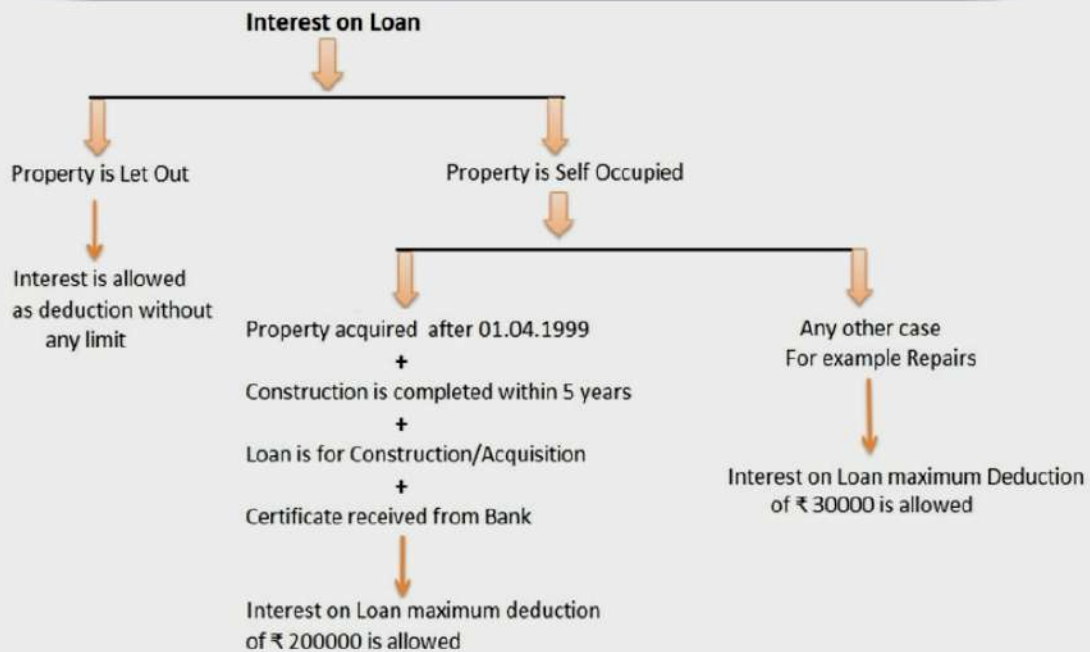
**Condition 1-** These taxes are borne by the owner.

**Condition 2-** These are actually paid in the particular Financial Year.





## Explanation 3 - Interest on Loan



## Explanation 3 - Interest on Loan



This limit for ₹ 200000/₹ 30000 is in aggregate for two self occupied House Properties.

## Explanation 3 - Interest of Pre-Construction Period

