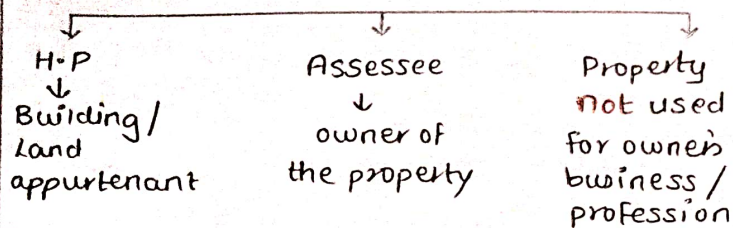


INCOME FROM HOUSE PROPERTY



★ Vacant land → not a H.P. → ∴ income from other sources & separable items

Income from following H.P., exempted from tax:

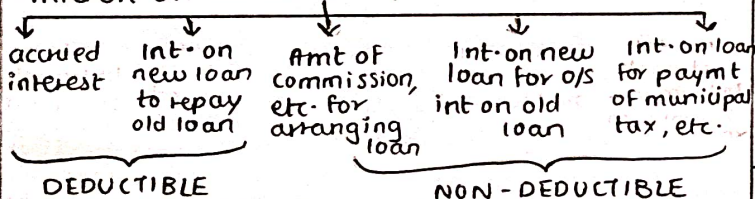
- Any 1 palace or part thereof of an ex-ruler, provided the same is not let out
- HP of a local authority
- HP of - approved scientific research association
- HP of an educational institution
- HP of a hospital
- HP of - person being resident of Ladakh
- HP of a political party
- HP of a trade union
- HP held for charitable purpose
- HP → own business or profession
- Farm House

★ ARR - UR - vacancy loss < RER, due to vacancy loss only
 GRAV → will be the lower value

- ★ Municipal Tax → any yr → must be paid
- ★ UR → must be of current Year
- ★ pre-construction & post-construction period

$\frac{\text{total interest}}{5}$ divided for 5 yrs of ↑

- Interest on borrowed capital:

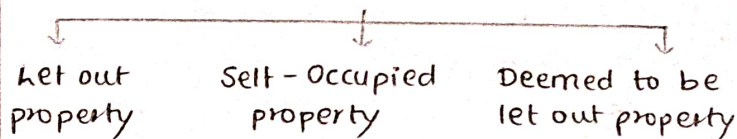


⇒ PARTLY SELF-OCCUPIED & PARTLY LET OUT Sec 23(3)

- Area-wise → all values divided as per area proportion
- Time-wise → Values until RER → for full year → ARR → only for let out period
- Area & Time wise

★ Interest on loan paid outside India without deducting TDS → no deduction claimed

Computation of Income



⇒ LET OUT PROPERTY Sec 23(1)

Gross Annual Value

(-) Municipal Tax

Net Annual Value

(-) 24(a) standard deduction (30%)

(-) 24(b) interest on borrowed capital

Income from H.P.

⇒ GROSS ANNUAL VALUE

Gross municipal value

Fair Rent

Higher of the above

Standard Rent

Reasonable Expected Rent (RER) - lower of the above

ARR - UR - loss due to vacancy

Gross Annual Value (higher)

⇒ SELF-OCCUPIED PROPERTY Sec 23(2)(a)

Net Annual Value ----- NIL

(-) standard deduction ----- NIL

(-) int on loan ----- (xxx)

(xxx)

loan taken after 1999 for construction/acquisition of HP

max deductn → 2,00,000
 or else, → 30,000

★ Sec 23(2)(a) → only for individual & HUF; & not for companies & firms.

★ more than 2 self-occupied HP's, then only 2 treated as self-occupied, others - deemed to be let out. [Sec 23(4)]

Unrealized rent for c.y deducted in full from ARR, if following conditions are satisfied. (RULE 4)

- Tenancy is bonafide
- Defaulting tenant has vacated/steps have been taken to compel him to vacate.
- Defaulting tenant has not occupied any other property of assessee
- Assessee has taken reasonable steps to institute legal proceedings for recovery of unpaid rent.