Income from House property.

Income from House Property.

Section 22 : Charging section of House Property.

Rental income (annual value) of House Property is taxable under the head income from House Property if following 2 conditions are satisfied :

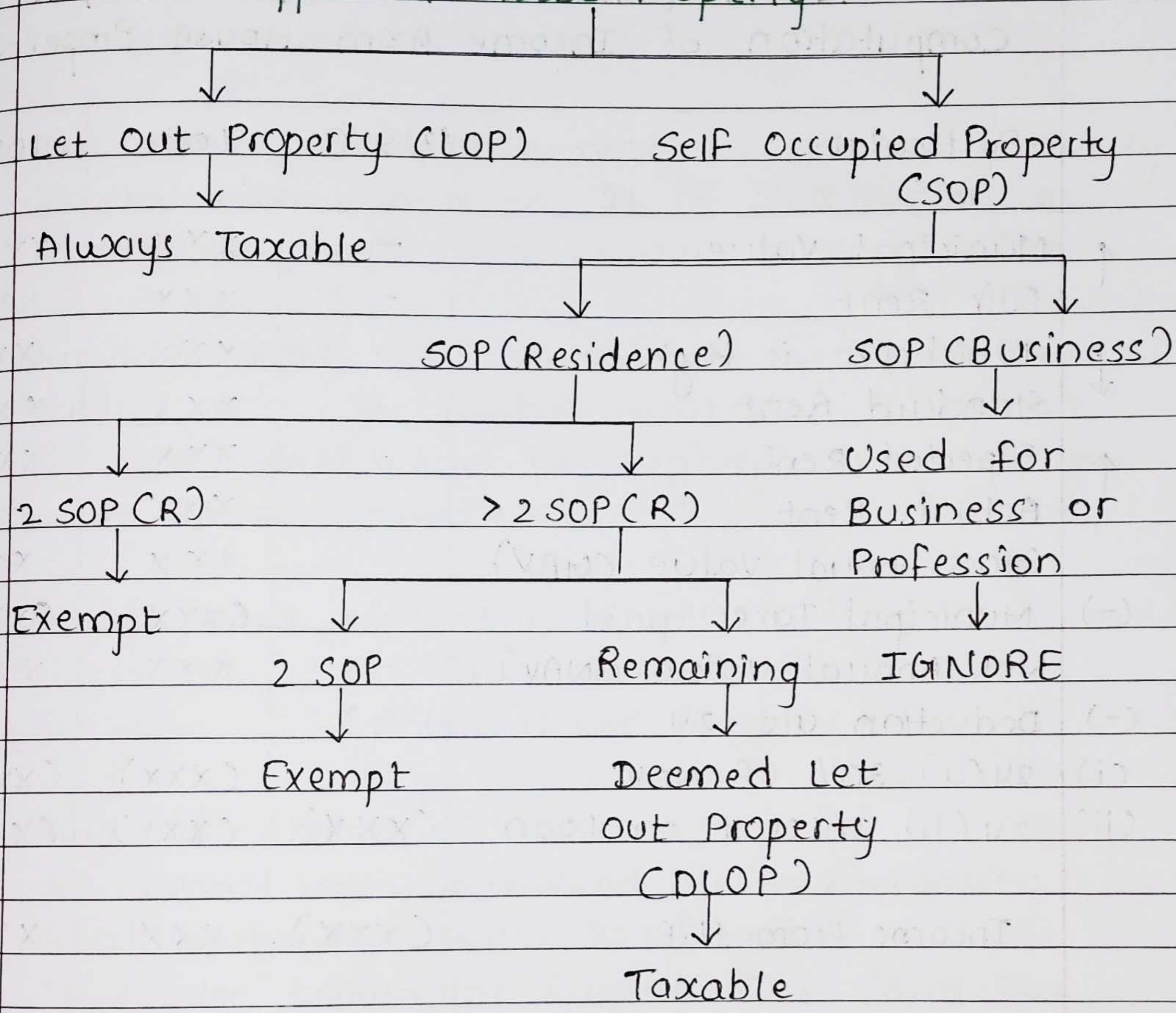
(i) There should be a House Property
(ii) Assessee should be owner of such House Property.

1. House Property means building and land appurtenant (attached) to that building
2. Income from residential as well as commercial property (complex, godown, etc.) also covered under head House Property.
3. Rent of vacant land - taxable under PGBP/ IFOS

Building Stock in Trade → Income from Sale of Building → Taxable under PGBP

Ms. Onkar Building → Income from let out of Building → Taxable under House Property.

Types of House Property



Name of Assessee PY 25-26 AY 26-27

Computation of Income from House Property.

	Particulars	(2) SOP	LOP	DLOP
↑	Municipal Value	–	xxx	xxx
	Fair Rent	–	xxx	xxx
	Whichever is Higher	–	xxx	xxx
↓	Standard Rent	–	xxx	xxx
↑	Expected Rent	–	xxx	xxx
	Actual Rent	–	xxx	–
	Gross Annual value (GAV)	–	xxx	xxx
(–)	Municipal Taxes paid	–	(xxx)	(xxx)
	Net Annual value (NAV)	–	xxx	xxx
(–)	Deduction u/s 24			
(i)	24(a) 30% of NAV	–	(xxx)	(xxx)
(ii)	24(b) Interest on Loan	(xxx)	(xxx)	(xxx)
	Income from H.P.	(xxx)	xxx	xxx

- Municipal value It means value of property as per municipality record.

- Fair Rent It means rent of similar property in the same locality. It is also known as reasonable rent / reasonable letting value.

- Standard Rent It means rent as per Rent control Act. It is the maximum amount of rent that can be legally recovered by owner from tenant.

- Actual Rent = Rent received
(+) Rent receivable
(-) Unrealized Rent

- Municipal Taxes

a. It means taxes recovered by municipality, local authority, Gram Panchayat.
b. It is also known as Property Tax, Local Tax, House Tax, etc.
c. It is allowed only if it is paid by owner. If it is paid by tenant then it is not allowed.
d. It is allowed on payment basis.
Paid → Allowed
Outstanding → Not allowed.

"Pay kiya toh allow hoga, nahi kiya toh nahi hoga, jab karoge tab hoga."

e. If it is given in percentage form, it should be calculated on municipal value.

Q.1. Pg 51. Ms. Jayashree PY 25-26 AY 26-27
Computation of NAV

Particulars	I	II	III	IV	V
Municipal value ↑	80,000	55,000	65,000	24,000	80,000
Fair Rent	90,000	60,000	65,000	25,000	75000
Higher	90,000	60,000	65,000	25,000	80000
Standard Rent ↓	N.A.	75000	58000	N.A.	78000
Expected Rent ↑	90,000	60,000	58,000	25,000	78,000
Actual Rent	72000	72,000	60,000	30,000	72000
Gross Annual value	90,000	72,000	60,000	30,000	78,000
(-) Municipal Tax paid	(8000)	(6,600)	(5200)	(2,400)	(12,000)
Net Annual Value	82,000	65,400	54,800	27,600	66,000

- Interest on Loan

a. Interest is allowed as deduction if loan is taken for the purpose of House Property purchased / repaired / renovation.

b. Loan may be taken from bank / Financial Institution friends, family, etc.

c. Interest is allowed on due basis.

d. Paid → Allowed
O/S → Allowed

e. Interest on interest (penal interest) is not allowed as deduction.

f. If any fresh loan is taken for repayment of earlier loan and earlier loan was taken for the purpose of House property then interest on fresh loan is allowed as deduction.

g. If any interest paid / payable outside India shall not be allowed as deduction if TDS is not deducted on such interest.

h. Limit of Interest

- LOP / DLOP
  - No Limit (Full interest allowed)
- SOP (2)
  - Special case
    1. Loan is taken on or after 01.04.1999
    +
    2. Loan is taken for purchase or construction of House Property
    +
    3. If loan is taken for construction then construction should be completed within 5 years from end of FY in which loan was taken

    ↓

    Maximum ₹ 2,00,000 p.a.
  - Normal case
    - Maximum ₹ 30,000 p.a.

No deduction allowed for SOP in case of 115BAC.

NOTE : If assessee opted Default Tax Regime u/s 115BAC, then interest deduction in case of SOP is not allowed.

• Other Expenses

→ Repair & Renovation
→ Insurance charges
→ Parking charges
→ Society charges
→ Electricity / water charges

} Not allowed because 30% standard Deduction allowed u/s 24(a) on NAV.

If Actual Rent = Rent received + receivable (–) unrealized rent

• Unrealized Rent It means rent which is not recovered from tenant. It is like bad debts of the owner.
It is deductible while calculating actual rent if following 4 conditions of Rule 4 are satisfied :

1. Tenancy should be bonafide (genuine / good faith)
2. Tenant should have vacated that property.
3. Such tenant should not occupy any other house property of same assessee.
4. Reasonable step should be taken for recovery of unrealized rent.

Q.4. Pg 52. Mr. Anirudh PY 25-26 AY 26-27

Computation of House Property

Particulars	Amount
Municipal value	1,30,000
Fair value	1,10,000
Whichever is Higher	1,30,000
Standard Rent	1,20,000
Expected Rent	1,20,000
Actual Rent (W.N.1)	1,21,000
Gross Annual Value	1,21,000
(-) Municipal Tax paid	(13000)
Net Annual Value	1,08,000
(-) Deduction u/s 24	
a. Standard Deduction 30% of NAV	(32400)
b. Interest on Loan	(40,000)
Income from House Property	35,600

W.N.1 : Actual Rent = Rent received + receivable − unrealized rent

= 11000 X 12 months − 11,000

= 1,32,000 − 11,000

= 1,21,000

NOTE: As per ITR Form, unrealized rent is deducted from GAV. So alternatively we can deduct unrealized from GAV as well.

- Pre - construction Period Interest.

It means interest before the year in which construction was completed. It is allowed in 5 equal instalments from the year in which construction was completed.

Example: Ms. Payal took a housing loan from HDFC Bank on 01.10.2023 of ₹15,00,000 @ 9% interest for construction of House Property. Construction is completed on 14.02.2026. Calculate the amount of interest allowed for PY 25-26 (AY 26-27).

PY 23-24	67,500		
PY 24-25	1,35,000		
PY 25-26	1,35,000 +	40,500*	= 1,75,500
		40,500	
		40,500	
		40,500	
		40,500	

* $67500 + 135000 = \frac{202500}{5} = 40{,}500.$

Q. Mr. BB took a loan of ₹2000,000 from SBI on 01.06.2021 @ 6% interest. He made following repayment of principal amount:

01.04.22	400,000
01.10.23	200,000
01.12.24	1500,000

construction completed on 10.12.25. calculate interest to be allowed in PY 25-26 (AY 26-27).

→ PY 21-22 $2000000 \times 6\% \times \frac{10}{12} = 100000$

22-23 $1600000 \times 6\% = 96,000$

23-24 $[(16L \times 6\% \times 6/12) + (14L \times 6\% \times 6/12)] = 90,000$

24-25 $[(14L \times 6\% \times 8/12) + (12.5L \times 6\% \times 4/12)] = 81,000$

25-26 $1250000 \times 6\% = 75000$

Pre-construction period $= \frac{367000}{5 \text{ years}} = 73400$

PY 25-26 : 75000 + 73,400 = 148,400

Q. Mr. Ganesh took a housing loan from Axis Bank on 01.10.2022 for ₹2500000 @ 9% interest. He make repayment of principal as follows:

01.04.2023 = 300,000
01.12.2024 = 400000
01.01.2025 = 200000
01.07.2025 = 300000

construction completed on 10.12.2024. Calculate interest to be allowed for PY 25-26 (AY 26-27)

→ PY 22-23   25L × 9% × 6/12   112,500
23-24   22L × 9%   198000
24-25   [(22L × 9% × 8/12) + (18L × 9% × 1/12) + (16L × 9% × 3/12)]   181500
25-26   [(16L × 9% × 3/12) + (13L × 9% × 9/12)]   123750

Pre-construction period $= \frac{310500}{5} = 62100$

PY 25-26 = 123750 + 62100
= 185850

• Concept of vacancy. (Ghar pe taala laga hua hai)

ER	xx
AR	xx
GAV	xxx

ER ≤ AR + VR → GAV

ER > AR + VR → GAV

Ex. 1. ER = 5,20,000
Rent p.m = 50,000 pm
Vacancy = 3 months

AR = Recd + Recv − UR
= 50,000 × 9 months
= 4,50,000

ER ≤ AR + VR

5,20,000 ≤ 4,50,000 + 1,50,000
↳ GAV

Ex. 2. ER = 5,20,000
Rent pm = 20,000 pm
Vacancy = 2 months

ER > AR + VR

5,20,000 > 2,00,000 + 40,000
↳ GAV

Ex. 3. ER = 6,00,000
Rent pm = 50000
Vacancy = 3 months

ER ≤ AR + VR

6,00,000 ≤ 4,50,000 + 1,50,000
↳ GAV

Interest on Loan

- LOP
  - Full Interest allowed
- SOP
  - Section 115BAC
    - No Interest
  - Otherwise
    - Maximum Interest 30,000 / 2,00,000.

- Partly Let out Property (Area wise)

- If some area of House Property is let out and remaining area is self occupied, then let out portion is treated as LOP and self occupied portion is treated as SOP.

- In this case, MV, FR, SD, Municipal Taxes, Interest on loan should be divided between SOP and LOP on area basis.

- Actual Rent will never be divided because it is always for LOP portion.

Q.5. Pg 52 Mr. Ganesh PY 25-26 AY 26-27

Computation of Income from House Property

↑	Municipal value	250000
	Fair Rent	200000
↓	Whichever is higher	250000
	Standard Rent	210000
↓	Expected Rent	210000
↓	Actual Rent (Note 1)	180000
	Gross Annual value	180000
(-)	Municipal Tax paid	(20000)
	Net Annual value	160000
(-)	Deduction u/s 24	
	(a) Standard Deduction 30% of NAV	(48000)
	(b) Interest on Loan	(65000)
	Income from House Property	47000

Note 1 :

Actual Rent = Rent received + Receivable - UR

= 20,000 pm x 10 - 20,000

= 1,80,000

Note 2 :

Vacancy

ER		AR + VR	
2,10,000	$\leq$	1,80,000 + 40,000	= 2,20,000
		↓ GAV	

NOTE : Alternatively unrealized rent can be reduced from GAV as per Income Tax Return Form.

Q.6. Pg 52 Ms. Poorna PY 25-26 AY 26-27

Computation of Income from House Property

Particulars	SOP	
Net Annual value	-	
(-) a. Standard Deduction 30% of NAV	-	
b. Interest on loan	(200000)	
Income from House Property	(200000)	(200000)

Pre-construction period :

Interest till 31.3.21 = $\frac{360000}{5}$ = 72000

It is allowed in 5 equal instalments

PY 21-22	72000
PY 22-23	72000
PY 23-24	72000
PY 24-25	72000
PY 25-26	180000 + 72000 = 252000

Q.10. Pg 55 Mr. Prem PY 25-26 AY 26-27

Part A. Assessee opt out from Section 115BAC.

Computation of Income from House Property

Particulars	SOP (2/3)	LOP (1/3)
Municipal value	-	100000
Fair Rent	-	90,000
Whichever is higher	-	100,000
Standard Rent	-	110000
Expected Rent	-	100000
Actual Rent (W.N.1)	-	96000
Gross Annual value	-	100000
(-) Municipal Tax paid	-	(10000)
Net Annual value	-	90000
(-) Deduction u/s 24		
a. Standard Deduction 30% of NAV	-	(27000)
b. Interest on loan	(80,000)	(40000)
Income from House Property	(80,000)	23000

Interest on loan : 120,000

SOP	LOP
2/3	1/3
80,000	40,000

W.N. 1 : 8,000 x 12 months
= 96,000 (Actual Rent)

Part B : If assessee opt Default Tax Regime u/s 115BAC then interest on loan in case of SOP is not allowed. So, income from house property shall be 23,000.

Q.14. Pg.57 Mr. X PY 25-26 AY 26-27

Computation of Income from House Property

	Particulars	SOP (1/2)	LOP (1/2)
↑	Municipal value		95000
	Fair Rent		92500
↓	whichever is higher		95000
↓	Standard Rent		81000
↓	Expected Rent		81000
	Actual Rent		80,000
	Gross Annual value (Note 1)		80000
(-)	Municipal Tax paid		(14,250)
	Net Annual value		65750
(-)	Deduction u/s 24		
	(i) Standard Deduction 30% of NAV		(19725)
	(ii) Interest on Loan (Note 2)	(9000)	(9000)
	Income from House Property	(9000)	37025

Note 1:

ER ≤ AR + VR

81000 80000 16000 = 96000

↓

GAV

Note 2: Interest on Loan = 1500 pm × 12

= 18000

9000 SOP (1/2)

9000 LOP (1/2)

Q.15. Pg. 57 Mr. Vikas PY 25-26 AY 26-27

Computation of Income from House Property

Particulars	SOP (2/3)	LOP (1/3)
Municipal value	-	32,000
Fair Rent	-	42,000
Whichever is higher	-	42,000
Standard Rent	-	36,000
Expected Rent	-	36,000
Actual Rent	-	60,000
Gross Annual value (GAV)	-	60,000
(-) Municipal Tax paid	-	(3520)
Net Annual value (NAV)	-	56480
(-) Deduction u/s 24		
(i) Standard Deduction 30% of NAV	-	16,944
(ii) Interest on Loan (W.N.1)	(12400)	(6,200)
Income from House Property	(12400)	33336

W.N.1. Interest on Loan

PY 18-19 1L × 12% × 9/12 = 9000

PY 19-20 1L × 12% = 12,000

PY 20-21 1L × 12% = 12,000

PY 21-22 1L × 12% = 12,000 + 6,600

PY 22-23 1L × 12% = 12000 + 6,600

PY 23-24 1L × 12% = 12000 + 6600

PY 24-25 1L × 12% = 12,000 + 6,600

PY 25-26 1L × 12% = 12000 + 6,600

Pre-construction period = 9000 + 12000 + 12000

$= \frac{33000}{5} = 6,600$

PY 25-26 = 12,000 + 6,600 = 18,600 — 2/3 = 12,400 ; 1/3 = 6,200

• Partly Let out Property (Time wise)

If property is let out for some period of time and self occupied for remaining period of time, then such property is treated as LOP.
Even if the property is let out for single day, then also it is treated as LOP.

SOP means property is self occupied for residential purpose throughout the year or unoccupied due to any reason.

Q.7. Pg 53 Ms. Rajalakshami PY 25-26 AY 26-27

↑	Municipal value	500000
	Fair value	420000
↓	Whichever is higher	500000
	Standard Rent	480000
↑	Expected Rent	480000
	Actual Rent	350000
	Gross Annual Value (GAV)	480000
(-)	Municipal Taxes paid	(60000)
	Net Annual Value (NAV)	420000
(-)	Deduction u/s 24(b)	
	(i) Standard Deduction 30% on NAV	(126000)
	(ii) Interest on Loan	(25000)
	Income from House Property	269000

W.N. 1 : Actual rent = received + receivable − UR

$50,000 \times 9 - 1,00,000$

$4,50,000 - 1,00,000$

$= 3,50,000$

NOTE : In the present question, unrealized rent is reduced while computing actual rent. As per ITR form, alternatively we can reduce unrealized rent from GAV.
If we reduce from GAV, then net income from House Property will be ₹ 1,99,000.

- Assessee own more than 2 SOP.

SOP I	SOP II	SOP III
Andheri	Bandra	Vasai

Options			
A	SOP	SOP	DLOP
B	SOP	DLOP	SOP
C	DLOP	SOP	SOP

NOTE : Assessee has to select option in which his net income from house property is minimum / lower.

Q.8. Pg 53 Mr. Ganesh PY 25-26 AY 26-27

Part A : Assume assessee opted out from 115BAC.

Option 1 : HP1 and HP2 treated as SOP and HP3 treated as DLOP.

Computation of Income from House Property

	Particulars	HP(1) & HP(2) SOP	HP(3) DLOP
	Municipal Value	-	3,30,000
	Fair Value	-	380,000
	Whichever is Higher	-	380000
	Standard Rent	-	375000
	Expected Rent	-	375000
	Actual Rent	-	-
	Gross Annual Value (GAV)	-	375000
(-)	Municipal Tax paid	-	(19800)
	Net Annual Value (NAV)	-	355200
(-)	Deduction u/s 24		
	(i) Standard deduction 30% of NAV	-	(106560)
	(ii) Interest on loan	(30,000)	(175000)
	Income from House Property	(30,000)	73640

Option 2 : HP1 and HP3 treated as SOP and HP2 treated as DLOP.

Computation of Income From House Property

	Particulars	HP1 & HP3 SOP	HP2 DLOP
	Municipal Value	-	360000
	Fair Value	-	275000
	Whichever is Higher	-	360000
	Standard Rent	-	370000
	Expected Rent	-	360000
	Actual Rent	-	-
	Gross Annual Value (GAV)	-	360000
(-)	Municipal Tax paid	-	(28800)
	Net Annual Value (NAV)	-	331200
(-)	Deductions u/s 24		
	(i) Standard Deduction 30% of NAV	-	(99360)
	(ii) Interest on loan	(175000)	(55000)
	Income from House Property	(175000)	176840

Option 3: HP 2 and HP3 treated as SOP and HP1 treated as DLOP.

	Particulars	HP2&3 SOP	HP1 DLOP
	Municipal Value		300000
	Fair Value		375000
	Whichever is higher		375000
	Standard Rent		350000
	Expected Rent		350000
	Actual Rent		-
	GAV		350000
(-)	Municipal Taxes		(36000)
	NAV		314000
(-)	Deductions u/s 24		
	(i) Standard Deduction 30% of NAV	-	(94200)
	(ii) Interest on loan	(200000)	
	Income from House Property	(200000)	219800

W.N.1: Interest on Loan

HP2	Int. on loan taken for repairs	55000
	max. limit →	30,000.
HP3	Int. on loan taken for purchase of HP	175000
		205000

Maximum interest allowed is ₹200000.

Option I 43640
Option II 1840
option III 19,800

} Net income from House Property.

Conclusion → Since income from house property is lower in option II i.e. 1840. So, assessee should treat House I and House III as SOP and House II is treated as DLOP.

Part B : If assessee pay tax as per Default Tax Regime u/s 115 BAC.

In this case, assessee is not eligible to claim interest deduction in case of SOP. So his income would be :

option I 73,640
option II 1,76,800
option III 2,19,800

In this case, option I is beneficial for the assessee. So, house I and house II treated as SOP and house III treated as DLOP.

• Joint ownership (co-ownership)

It means property is owned by more than one owner. In this case, income from house property is calculated normally and thereafter it should be divided between co-owners in their ownership ratio.

Interest on Loan

↓ LOP / DLOP → No Limit

↓ SOP (2) → Maximum limit : 30000 / 200000 (X) No. of co-owners.

Q.13. Pg 57 Mr. Raman PY 25-26 AY 26-27

Computation of Income from House Property

Particulars	LOP
Municipal Value	160,000
Fair Value	150,000
Whichever is higher	160,000
Standard Rent	170,000
Expected Rent	160,000
Actual Rent	180,000
GAV	180,000
(-) Municipal Tax paid	-
NAV	180,000
(-) Deductions u/s 24	
(i) Standard Deduction 30% of NAV	(54,000)
(ii) Interest on Loan	(30,000)
Income from House Property	96,000

Income from House Property = 96,000

Mr. Raman's share = 48,000
Raman's brother share = 48,000

NOTE 1 : Municipal Taxes of ₹5100 will not be allowed since it is paid by tenant

NOTE 2 : Interest is allowed on due basis. Total interest of ₹25,000 shall be allowed as deduction even when actual interest paid is ₹21,000.

NOTE 3 : Interest on interest (penal interest) is not allowed as deduction.

NOTE 4 : If any fresh loan is taken for repayment of earlier loan & earlier loan was taken for HP then interest on fresh loan is also allowed as deduction.
So, in the present question ₹5,000 interest on loan shall be allowed.

- Arrears of Rent.

It means rent under dispute.

- Section 25 A : Recovery of Unrealized Rent/ Arrears of Rent.

Recovery is taxable in the year in which it is recovered under the head house property. Whether the assessee is the owner of the property or not in the year of recovery. Any expenditure incurred for recovery shall be ignored.

Taxable Amount = Recovery x 70%
(Standard Deduction 30% allowed)

Composite Rent

(Rent of House Property (+) Rent of Other Assets)

- Agreement is Separable
  - Rent of House Property → Taxable under House Property
  - Rent of Other Assets → Taxable under PGBP / Other Sources
- Agreement is not separable
  - Total Rent taxable under PGBP / Income from Other Sources.

NOTE : If let out of property is not feasible without other assets and total rent is taxable under the head PGBP or IFOS whether agreement is separable or not.

Q.17. LDR Que. Pg 59

Part A :

Computation of Income from House Property as per Default Tax Regime u/s 115BAC.

	Particulars	SOP (2 unit) 25%	LOP (6 unit) 75%
	Municipal value	–	675000
	Fair Value	–	–
	Whichever is higher	–	675000
	Standard Rent	–	–
	Expected Rent	–	675000
	Actual Rent (W.N. 2)	–	816000
	GAV	–	816000
(–)	Municipal Taxes paid	–	(135000)
	NAV	–	681000
(–)	Deductions u/s 24		
	(i) Standard Deduction 30% of NAV	–	(204300)
	(ii) Interest on Loan	–	(225000)
	Income from House Property	Nil	251700

W.N.1 : Interest on Loan = 300000

SOP (25%)
75000 not allowed
as assessee opted
Sec. 115BAC

LOP (75%)
225000 allowed

W.N. 2 : Actual Rent = Received + Receivable - UR
(5 units × 12000 × 12) + (1 unit × 12000 × 8)
720000 + 96000
= 816000

W.N.3 : Vacancy

ER		AR	+	VR
675000	<	816000	+	48000
		↓		(12000 × 4)
		GAV		

Total Income	Arun	Bimal
H.P. Income	125850	125850
Other Income	290000	180000
	415850	305850

Part B : computation of Total Income if assessee opt out from Sec. 115BAC.

Particulars	Arun	Bimal
Income from H.P.		
SOP	(37,500)	(37,500)
LOP	125850	125,850
other Income	290000	180,000
Total Income	378350	268350

- Section 27 : Deemed owner.

1. If any individual transfer House property to his / her spouse for without consideration or no consideration then such individual is treated as deemed owner of such House Property.

Exception : Transfer in connection of live apart.

2. If any individual transfer any House Property to minor child for without consideration or no consideration then such individual is treated as deemed owner.

Exception : Transfer to minor married daughter.

3. If any person is a member or shareholder of any co-operative society then he is treated as deemed owner of house property in such society.

4. In case of immovable property, if possession acquired in part performance of contract then assessee is treated as deemed owner from the date he acquired possession.

5. If any House Property is acquired under long term lease (12 years or more) then acquirer is treated as deemed owner.

6. Holder of impartialable estates - It means property which is not legally divisible. The main holder of impartiable estate shall be treated as deemed owner.

* NOTES :

1. Where the House Property is held as Stock-in-trade and not let out during the P.Y. the NAV of that property shall be treated as Nil for the period of 2 years from the end of F.Y. in which construction was completed.

Ex. : Rohan Builder construction completed on 19.7.24. In this case, if house property is not let out then NAV of such HP shall be treated as Nil till 31.3.27. From PY 27-28 this HP will be treated as DLOP and will be taxable under House Property.

Q.19. LDR Que. Pg.60.

Part A : Computation of Income from House Property in case of Mr Naveen (SOP)

	Net Annual Value (NAV)	Nil
(-)	Deduction u/s 24	
	(i) Standard Deduction 30% of NAV	-
	(ii) Interest on Loan	(200000)
	Income from House Property	200000

• Note 1 : Interest on loan

PY 23-24 15L X 12% = 180,000

PY 24-25 15 L X 12% = 180,000

PY 25-26 15 L X 12% = 180000

Pre-construction period = $\frac{360000}{5 \text{ years}}$ = 72,000

PY 25-26 = 180000 + 72,000
= 252,000

Max. deduction allowed = 200,000.

Part B: In hands of Mr. Vikas.

Particulars	GF (SOP)	FF CLOP
Municipal value	-	36,000
Fair value	-	50000
Whichever is higher	-	50,000
Standard Rent	-	-
Expected Rent	-	50,000
Actual Rent (20000 x 3)	-	60000
GAV	-	60,000
(-) Municipal Tax paid	-	(4000)
NAV		56000
(-) Deduction u/s 24	-	
(i) Standard Deduction 30% of NAV	-	(16800)
(ii) Interest on Loan	(67,500)	(67,500)
Income from House Property	(67,500)	(28,300)

Note 2:

PY 23-24   10L x 10% x 9/12 = 75000

PY 24-25   10L x 10% = 100000

PY 25-26   10L x 10% = 100000

Pre-construction period $= \frac{175000}{5 \text{ years}} = 35000$

PY 25-26 = 100000 + 35000

= 135000 → SOP : 67,500

→ LOP 67,500

• Note 3 : $MV = \frac{72000}{12} \times 6 = 36,000$

NOTE : If any property is acquired in the middle of the year for construction completed between the year then MV / SR / FV consider only from the date when assessee became owner for construction is completed.
Municipal taxes are allowed on payment basis, so taxes paid whether advance / prepaid are allowed as deduction.

Pre-construction period interest / pre-acquisition period interest.

SOP Fully ← First Floor / Ground Floor	First Floor → LOP 01.4.25 – 31.12.25 / Ground Floor → SOP
Mr. Naveen	Mr. Vikas

Mr. Naveen:
construction started → 01.04.23
construction completed → 01.04.25

Mr. Vikas:
construction started → 01.04.23
construction completed → 30.09.25

Q.16. Pg 58 Mrs. Rohini PY 25-26 AY 26-27

Computation of Income from House Property

Particulars		Amount
1. SOH at Los Angeles		
Net Annual Value		Nil
(-) Deduction u/s 24		Nil
Income from House Property		Nil
2. SOH property at chennai		
Net Annual Value		Nil
(-) Deduction u/s 24		(191940)
Interest on borrowed capital		(191,940)
3. Arrears in respect of Bangalore property		
Arrears of rent received	60,000	
(-) Deduction @ 30% on NAV	(15000)	42,000
Income from House Property		(149,940)

* NOTES :

1. If assessee pays tax as per Default Tax Regime u/s 115BAC then interest on loan u/s 24 (b) in respect of SOP (200000 / 30,000) not allowed to assessee.

2. SOP exemption (2 SOP) available only in case of individual / HUF.

Municipal Taxes paid to foreign resident also allowed in case of RoR.

3. Interest for year in which property acquired or constructed is allowed irrespective of date of acquisition.

If Payal acquired a property to pay consideration in instalments. The remaining part of instalment shall be treated as loan. it shall be allowed as deduction u/s 24 (b)