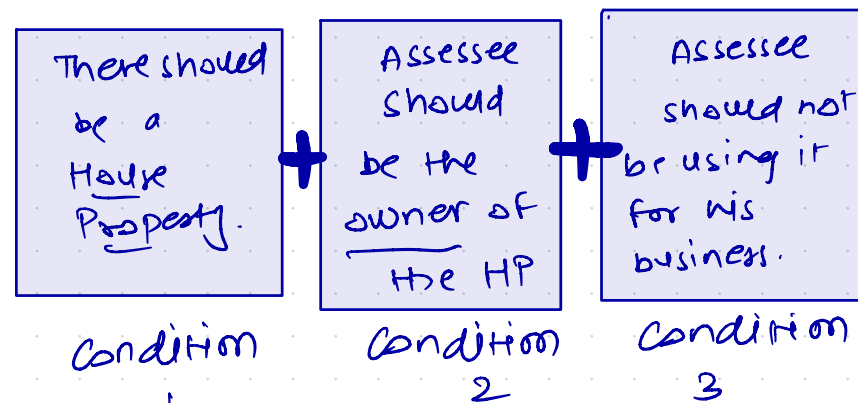# LDR Cracks

HOUSE PROPERTY

CA Amit Mahajan

#1

Sec 22 → Annual value will be taxable where 3 conditions should be satisfied:

There should be a House Property.	+	Assessee should be the owner of the HP	+	Assessee should not br using it for his business.
Condition 1		Condition 2		Condition 3

Condition 1
↓

Expected Qs

Ronit shetty wanted a demolished building for shooting from Amit Mahajon where RS is ready to pay ₹ 70,000 per month. Amit Mahajon is paying int on loan taken 15 years back of ₹ 40,000 every year. Calculate Income in the hands of A.M.
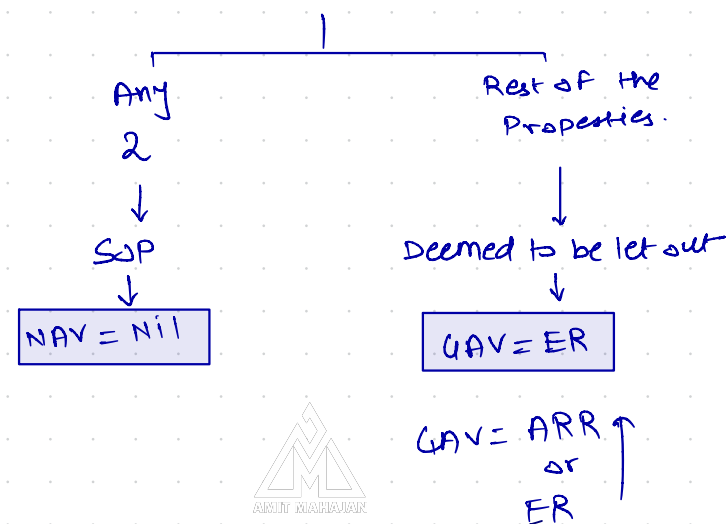
#2

Foreign Property.

If I let out the foreign property & earn rent out of it, then such rent would be taxable in India ✓

ROR → Always taxable ✓

RNOR → only if received in India ✓

NR → only if received in India ✓

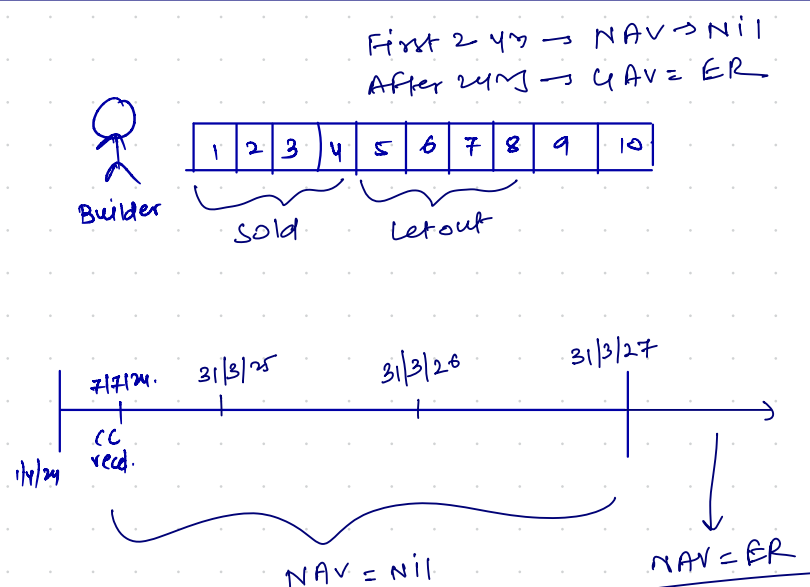
IF I have more than 2 prop. → SOP✓

Any 2
↓
SoP
↓
NAV = Nil

Rest of the Properties.
↓
Deemed to be let out
↓
GAV = ER

GAV = ARR ↑
or
ER

Mumbai	Binar	kolkata
AR Nil	Nil	Nil
ER 17L	7L	10L
Int on B.C. 40k	20K	50K

2 prop ————— Prop.

[Logically, we will always consider those properties as sop which has Highest taxable incomes]

#3

First 2 yrs → NAV → Nil
After 2yrs → GAV = ER

1	2	3	4	5	6	7	8	9	10

Builder

Sold   Letout

7/7/24 — CC recd.   31/3/25   31/3/26   31/3/27
1/1/24

NAV = Nil ————— NAV = ER

#4

Property is partly let out & partly SOP

SOP | LoP
NAV=Nil | ₹10000 pm
12 m

50% | 50%
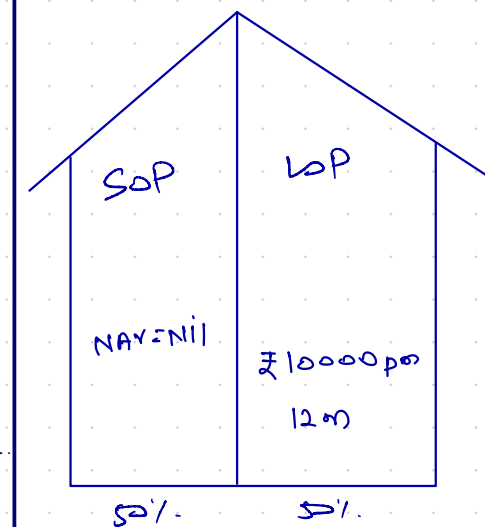
- Municipal value → ₹3,00,000.
- Fair Rent → ₹2,00,000
- std rent → ₹ 1,75,000.
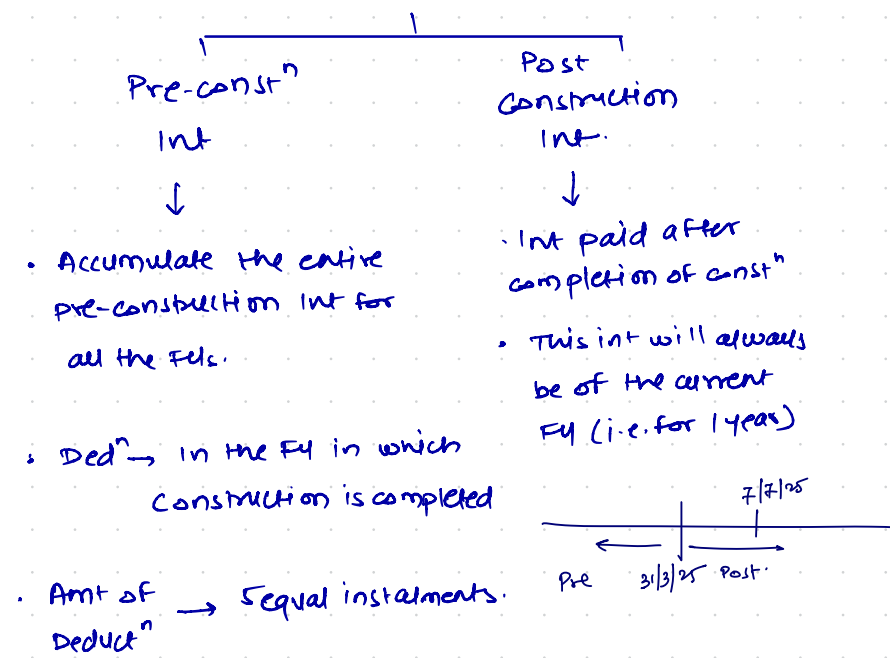- Int on borrowed Capital → ₹70,000.
- Municipal tax paid → 5%.

Compute IFHP

#5

Municipal Taxes & Int on Borr. Capital.

Municipal Taxes	Int on Borr. Capital
✓ Allowed on payt basis.	✓ Allowed on accrual basis
✓ To be paid by the A'ee himself	✓ Int paid on second loan taken to repay 1st loan.
✓ Taxes paid to foreign municipality → allowed.	Prin / Int / Mun.Taxes
	Prin ↓ Allowed / Int ✗ / Mun.Taxes ✗

What will be the treatment of water charges of ₹20,000 paid to the municipality in the current PY for the last 5 PYs together.

Interest on Borrowed Capital

```
                    │
        ┌───────────┴───────────┐
     Pre-constn              Post
      Int                Construction
        │                   Int.
        ↓                     ↓
```

- Accumulate the entire Pre-construction Int for all the FYs.

- Dedn → In the FY in which construction is completed

- Amt of Deductn → 5 equal instalments.

- Int paid after completion of constn

- This int will always be of the current FY (i.e. for 1 year)

```
                        7/7/25
        ←─────────┼──────┼─────
         Pre   3/3/25  Post.
```

Loan taken →	25/2/20	1/4/21
Construction started →	1/4/21	25/2/20
CC received →	7/12/24	7/12/24
Loan Repaid →	31/3/30	31/3/30
	1/4/21 — 3/3/24 ↓	1/4/21 – 31/3/30

	Pre	Post
Start	• Date on which loan is taken OR • Date of beg. of constn **LATER**	1st April of the FY in which CC is received. 1/4/24.
End.	31st March of the prec. FY in which CC is received ✓ 31/3/24.	when loan is fully repaid. 31/3/30

Co-owned Prop

Let out	Self-occupied.
• Make only 1 computn ✓	• 2 sep. computations.
• Get Final Answer	• Limit of ₹2,00,000 / ₹30,000 is available to both the co-owners independently ✓
• Bifurcate into 2 in the proportion ✓	• Tax planning Point It is always beneficial to buy a new SOP on loan jointly so that benefit of limit of Int can be availed by both.