

VIVEKANAND COLLEGE, KOLHAPUR
(AUTONOMOUS)
DEPARTMENT OF COMMERCE

Subject : **TAXATION**

**INCOME FROM HOUSE
PROPERTY**

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HEADS OF INCOME

1. INCOME FROM SALARY
2. INCOME FROM HOUSE PROPERTY
3. INCOME FROM BUSSINESS & PROFESSION
4. CAPITAL GAIN
5. INCOME FROM OTHER SOURCES

❖ INCOME FROM HOUSE PROPERTY-

- Income from House Property means, 'The annual value of property, consisting of any buildings or lands connected thereto, of which the assessee is the owner. However, the properties or portions of such properties which are occupied by him for the business or profession carried on by him are not covered under this head.'
- The annual value or rental income of a house property is chargeable to tax under the head 'Income from house property'
- Annual Value: 'Annual value is the sum for which the property is reasonably expected to be let out from year to year.'
- Annual value is a notional figure.

➤ Determination of Annual Value:-

- Determination of Gross Annual Value (GAV)-
 - I. Municipal Value (MV)
 - II. Fair Rental Value (FR)
 - III. Standard Rent (SR)
 - IV. Annual/Actual Rental Value (AR)
- Gross Annual Value= Step I: higher of MV & FR
Step II: lower of step I & SR i.e. (expected rent)
Step III: higher of step II & AR
- Types of House Property:
 1. Let out property (LOP)
 2. Self-occupied house property (SOP)
 3. Part of the year SOP & part of the year LOP
 4. House property partly SOP & partly LOP
 5. More than two houses SOP
 6. House reserved for SOP

COMPUTATION OF INCOME FROM HOUSE PROPERTY

A) LET OUT HOUSE PROPERTY (LOP)

Particulars	Amount	Amount
1. Municipal Ratable Value	xxx	
2. Fair Rental Value	xxx	
3. Standard Rent	xxx	
4. Actual Rent received or receivable (excluding unrealized rent, if any)	xxx	
GROSS ANNUAL VALUE	xxx	
Less: Vacancy period rent, if any	xxx	xxx
Less : Municipal taxes PAID by OWNER		xxx
NET ANNUAL VALUE (NAV)		xxx
Less : Deduction u/s 24		
* Standard deduction (30% of NAV)	xxx	
* Interest on Housing Loans	xxx	xxx
		xxx
Add: Arrears of rent collected-		
* unrealised rent of A.Y. 2002-03 onwards	xxx	
(-) Standard deduction 30%	xx	
* unrealised rent of past collected	xxx	xxx
INCOME FROM LET OUT HOUSE PROPERTY		xxx

B) SELF OCCUPIED HOUSE PROPERTY (SOP)

Particular		Amount
ANNUAL VALUE		NIL
Less: Interest on Housing Loans, if any		XXX
If property acquired or constructed with capital borrowed	Maximum limit	
* Upto 31-3-1999	30,000	
* after 1-4-1999	2,00,000	
LOSS FROM SELF OCCUPIED HOUSE PROPERTY		XXX

Notes – 1. If housing loan is taken for repairs or renovation and not for construction, *maximum ceiling for interest is Rs. 30,000* and not Rs. 2,00,000.

2. **Pre-construction period interest-** In respect of SOP and LOP, *1/5 of pre-construction period interest* is allowed as deduction with previous year actual interest paid or payable