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# Income from House Property

By

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# Income from House Property

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## Sec 22 Basis of charge

- Annual value of any building or land appurtenant thereto
- Owned by assessee
- Not used for business/profession carried by him

## Types of House properties

- Let out
- Self occupied
- Deemed to be let out
- Partial let out & self occupied

# Certain terms clarified

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- Building means a structure normally surrounded by walls and may or may not have a roofing. It includes residential buildings , factory premises, warehouses, office premises, commercial premises, stadiums, auditoriums etc.
- Land appurtenant thereto includes land occupied along with building and used as parking area, garden, approach roads, open space etc.
- Generally assessee should be registered owner of the property
- It should not be used for own business or profession

# Certain terms clarified

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- Income under this head excludes income from open plot of land (without building), income from sub-tenancy, consolidated rent for building along with other assets/facilities/services etc.
- Let out property is provided on rent to tenant
- Self occupied property is used for self residential purpose
- When assessee has more than one property , all being used for self residence, assessee can consider one of them as self occupied property and remaining properties are treated as deemed to be let out

# Income of a Let out property/DLoP

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|                              |    |
|------------------------------|----|
| Gross annual value           | xx |
| Less Municipal tax paid      | xx |
| Net annual value             | xx |
| Less deductions u/s 24       |    |
| 30% of NAV                   | xx |
| Interest                     | xx |
| Income from let out property | xx |

# Gross annual value

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- Reasonable letting value (RLV) means expected rent based on municipal value & fair rent
- RLV to be restricted to Standard rent if applicable
- Higher of RLV or rent received is GAV
- Exception - if rent received is lower than RLV only because the property was let out for part of the year then Rent received is GAV

# Income of a SoP/Property u/s 23(3)

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Gross annual value NIL

Less deductions u/s 24

Interest (s.t. limits) XX

Income from SoP XX

- Interest is deductible if borrowed funds are used for purchase, construction, acquisition, repairs or reconstruction of the property. Interest includes interest for pre-construction period.
- If loan is used for repairs, interest deduction upto Rs.30,000
- If loan is used for other specified purposes, interest deduction upto Rs.200,000 (s.t. conditions)
- These limits do not apply for LOP or DLOP

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- Recovery of unrealised rent or arrears of rent received – Sec 25A (w.e.f. AY 2017-18)

Taxable when received subject to deduction @30%

- Sec 25 – Interest paid to non resident person is deductible only if tax is deducted/paid at source
- Sec 26 – If the property is jointly owned by two or persons having fixed & ascertained share in property then net taxable income from such property is divided between co owners in respective shares
- Loss from a house property should be set off against income from other house property. The balance loss can be set off against income under other heads of income in the same year. The remaining loss can be carried forward for set off against income from house property for a period of 8 assessment years





Thank You