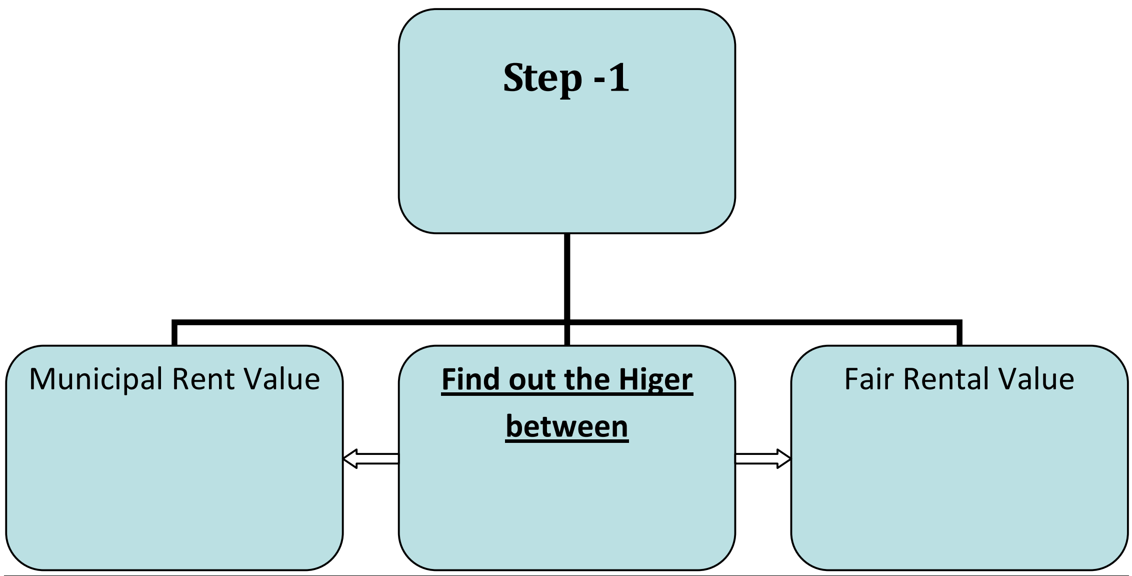
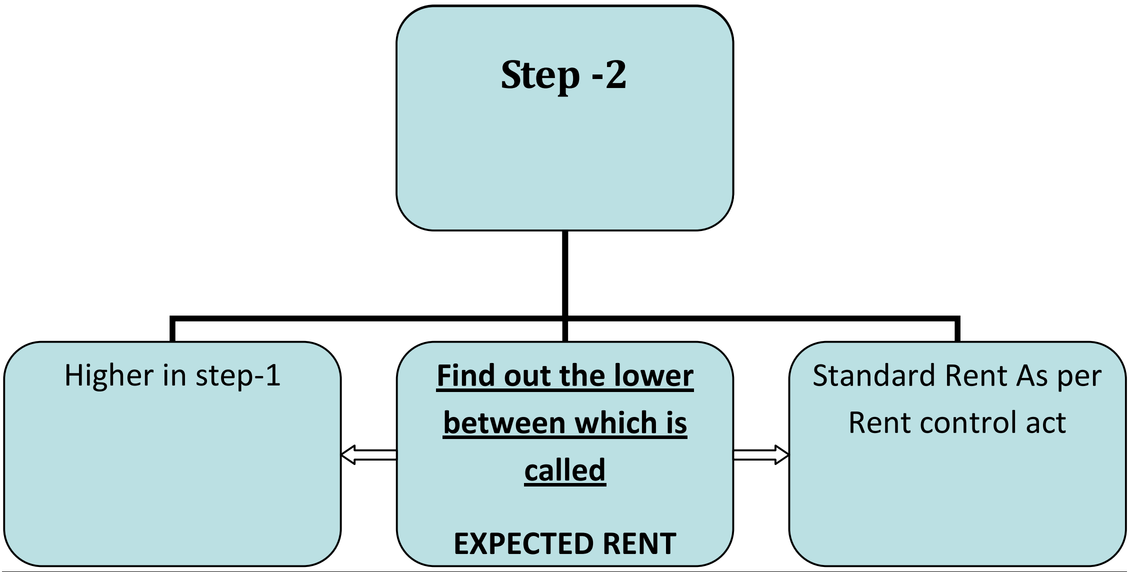
INCOME FROM HOUSE PROPERTY

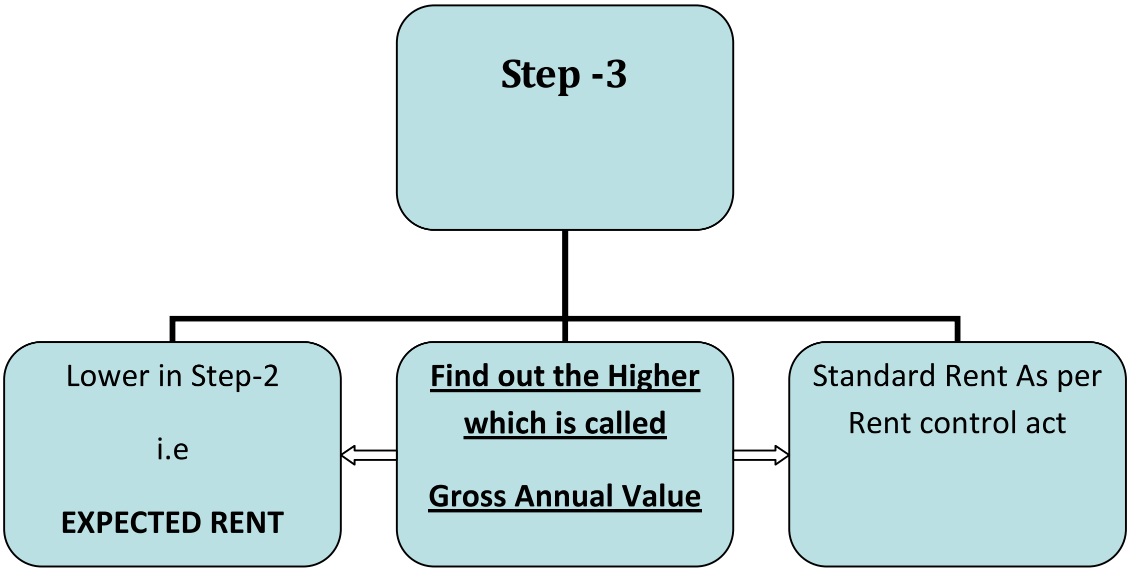
COMPUTATION OF INCOME UNDER HOUSE PROPERTY

Gross Annual Value (GAV)	------
Less: Municipal Taxes (Paid by owner)	-----
Less: Amount of Rent could not be realized	-----
Net Annual Value (NAV)	-----
Less: Section 24 Deduction	
a. Standard Deduction (30% of NAV)	-----
b. Interest on Loan on Borrowed Capital	-----
Income chargeable for Tax under House Property	-----

CACLULATION OF GROSS ANNUAL VALUE

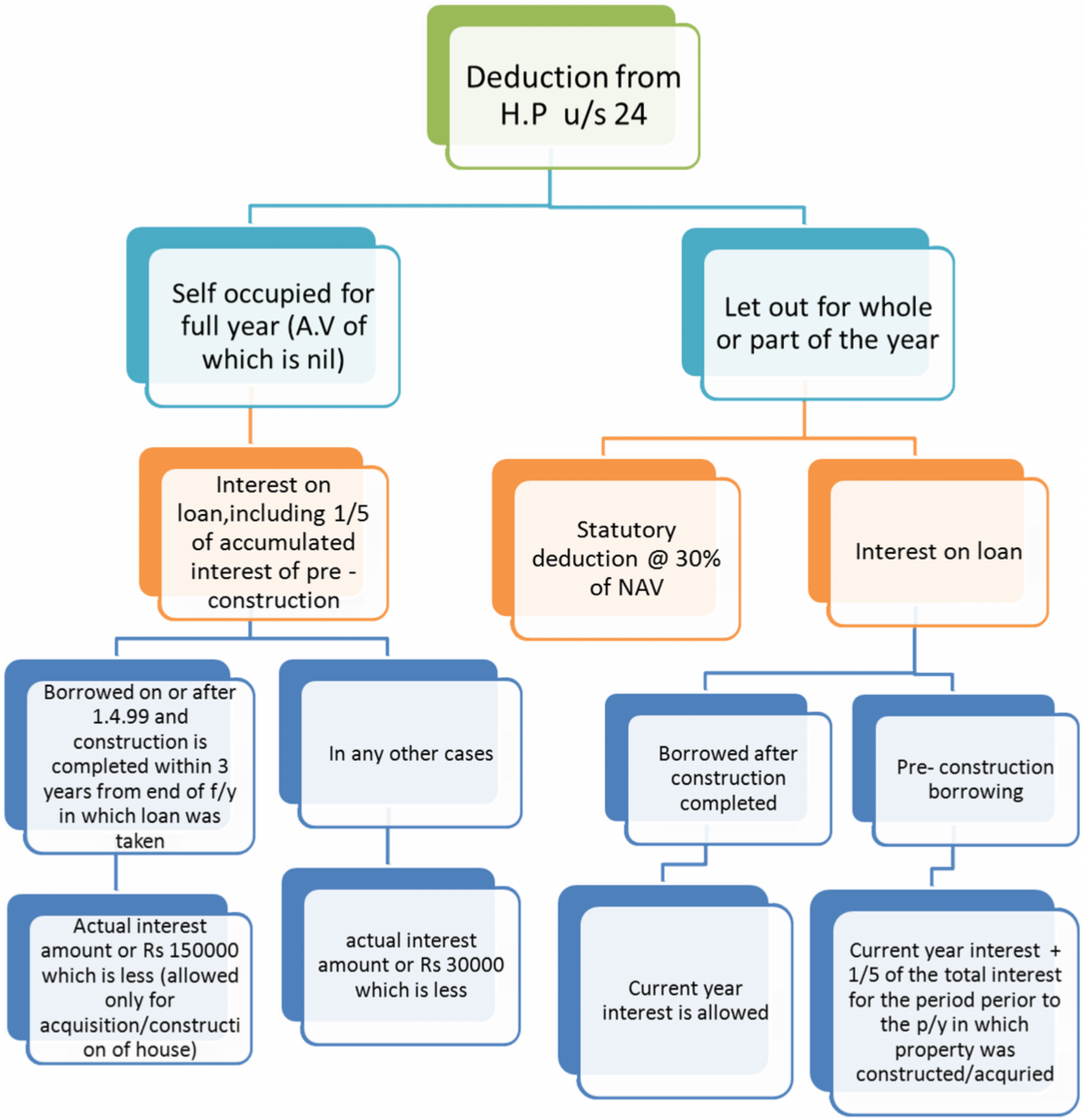






GROSS ANNUAL VALUE IN CASE OF VACANCY

- In Case of Vacancy Actual Rent is G.A.V



Deduction from H.P u/s 24
Self occupied for full year (A.V of which is nil)
Let out for whole or part of the year
Interest on loan,including 1/5 of accumulated interest of pre - construction
Statutory deduction @ 30% of NAV
Interest on loan
Borrowed on or after 1.4.99 and construction is completed within 3 years from end of f/y in which loan was taken
In any other cases
Borrowed after construction completed
Pre- construction borrowing
Actual interest amount or Rs 150000 which is less (allowed only for acquisition/constructi on of house)
actual interest amount or Rs 30000 which is less
Current year interest is allowed
Current year interest + 1/5 of the total interest for the period perior to the p/y in which property was constructed/acquried

* It is immaterial whether interest has been paid or not during p/y.
* Interest on interest and brokerage or commission paid for arrangement of loan is not deductable.

* Ceiling of Rs 150000/Rs 30000 is not applicable on deemed let out property.

* If assessee let out his house to his employer, which in turn allots the same to him as rent free accommodation, such house will not be treated as self-occupied for the above purpose, because he is not occupied his own house in capacity of owner.

* Exp- loan was taken on 1-5-04 and construction was completed on 7-8-06, then a/y is 06-07 and p/y is 05-06. Accumulated interest would be from 1-5-04 to 31-3-06 means till last day of p/y 05-06. 1/5 of such accumulated interest would be allowed for 5 successive f/y starting from the year in which acquisition/construction was completed.

* Interest payable on fresh loans to repay the original loan is also deductable.

* Unrealized rent would be taxable on receipt, only if it was earlier allowed as deduction.

* A Resident " A" is taxable under sec. 22 in respect of GAV of property in a foreign Country BUT a Resident but not ordinarily Resident or a Non Resident is Chargeable u/s 22 in respect of HP in abroad provided if income is received in INDIA during the previous year If There is Dispute on the Property then the current holder will be chargeable to tax

TREATMENT OF COMPOSITE PROPERTY

* When property is let out with other form of services (e.g. watchman, sweeper etc) -- Income related to H.P is chargeable under H.P and income of other services is chargeable under other sources.
* When property is let out with other assets such as AC, Car etc
* If other assets are inseparable from property (for e.g. AC) then whole amount would taxable under PGBP
* If assets are separable from property (for e.g. car) then H.P income is chargeable under H.P and other income is chargeable under PGBP/ Other Sources as the case may be.

Interest payable outside India will not be deductible if ………..

* Tax has not been paid or deducted from interest.
* There is no person in India who may be treated as an agent u/s 163 of the receipt for such purpose.