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PHASE 1-2012

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Income From House Property

1. Chargeability (Sec 22)

Essential Conditions

ALL THREE CONDITIONS MUST BE SATISFIED:

(i) **Property means ONLY buildings or lands appurtenant** thereto (Property has limited definition).

(ii) **The Ownership of the Property**- Assessee must be the **owner** of the Property(legal/deemed owner).

(iii) Property is not used **by the owner for own business or profession (**whose Profits are chargeable to tax)

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2. Basis of Charge

- Income from house property is calculated on the basis of **Annual value** & not on the Rent
- The annual value is the amount for which the property might is **reasonably be expected** to let out from year to year.
- The charge is not because of the receipt of any income but is on the **inherent potential** of house property to generate income.
- The Income is charged to tax on a **notional basis**

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3. Meaning of Term Property in Section 22 to 27

1. In section 22 to 27(House property Income) the Term Property has **limited meaning**

2. **Property** consist only of buildings or land appurtenant thereto (approach road, courtyards, motor garage) **& all other type of property are excluded**.

3. Since the **vacant land** is not the building, therefore not to be taxed under the head 'house property'. Income from such land shall be either income from other sources or income from business (sec 28) depending upon the facts of the case.

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4. Ownership of the Property

(i) The assessee must be the **owner** of house property in the **Previous Year**.

(ii) If house property is **<u>not owned by the assessee</u>** income from it is taxed either a business income or an income from other sources(e.g. subletting)

(iii) Ownership means Legal owner & includes both free-hold and lease-hold ownership rights of the **superstructure** and also **includes deemed ownership**.

Who are the Deemed owners under Income from House Property (Section 27]

They are N**ot the legal owners** of a property but are **assumed/*deemed*** *to be the owners* for the purposes of sections 22 to 26 only:

A. Person **transferring the Property** to a spouse **without <u>adequate consideration</u>** except in connection with an **<u>agreement to live apart.</u>**

B. Person **transferring the Property** to his or her minor child **without adequate consideration** except to *minor married daughter .*

NOTE: Person transferring cash to spouse or his minor child who out of that cash acquires a house property, Person is not deemed owner of property but attract clubbing provisions.

C. **Holder of an Impartible estate [Section *27(ii)]:ie.,*** a property which is not legally divisible.

D. **Member of a Co-operative Society, etc. (Section *27(iii)]:*** A member of
   a) a co- operative society,
   b) company or
   c) other association of persons

Shall be deemed owner of that building although the co-operative society/company/association is the legal owner of that building.

E. **Person in Possession of a Property without Registration (Section *27(iiia)]:*** ***Under*** section 53A of the Transfer of Property Act, person who is allowed to *take or retain* the possession of any building in **part performance** of a Sale contract shall be deemed owner of that house property although it is not registered in his name.

F. **Right in a property for more than 12 years (Section *27(iiib)]:*** *Lessee having* Lease rights exceeding *12 years* in building *are the* deemed owner .

Use of the House Property u/s 22:

A. The use of building -for **residential/ commercial purpose** -is not Material for taxation.
B. **Where owner** let out the property(s) for business/Residential use, its annual value is taxable under 'Income from house property' and not under section 28.
C. Owner of house property Can be Indvl., HUF, Firm, or Corporate.
D. Income is chargeable u/s 22 even if property is held by the assessee as stock in trade of a business.

Income Not chargeable u/s 22 but under different head of Income.

1. Property used for Own Business

I. **Where Owner used its Property for its own business or profession (**whose profits are chargeable to tax).
eg., Mr A ,is the owner of the building as well as partner in the Firm.The building is used by firm for business purposes.
Since Business of the firm is also regarded as business of all partners, therefore property is treated as used by owner for its own business and thus annual value not chargeable under section 22.

HUF Property is used by a Firm in which Karta is the representative Partner. Treated as karta using for its own business.

2. Letting out is supplementary to the main business.

II. Where owner let out its property to its employees to **carry its business in an efficient manner**, rental income shall be taxable as business income (**provided letting is not the main business but it is subservient/incidental/supplementary to the main business)**

III. Where the owner gives its premises to any Government agency for locating a branch of a bank, police station, excise office, etc. for the purpose of running **its business more efficiently**, the rental income would be taxable as business income.

3. Letting out of building with other facilities

IV. Where the **letting out of building is inseparable from letting of other assets like machinery, furniture, e**tc. the entire income would be taxable as profits or gains of business and profession or income from other sources.

OWNERS IN CERTAIN CASES

I. In case of insolvency, official Assignee can be treated as owner. However if, Receiver is appointed by Court, he is not the owner.
II. In case of mortgage, mortgagor is the owner.
III. In partnership firm, it's the firm and not the partners treated as cowners.
IV. In Trust, property is taxable in hands of trustees/beneficiaries.
V. Where Under will, life interest in deceased property is given to legatee, the annual value is taxed in hands of legatee and not to executor.
VI. In case of disputed ownership before court of law, the decision rest with Income Tax department.

Where share of co-owners of building are definite and ascertainable, concessional tax treatment for self occupied property is given to each co-owner

COMPOSITE RENT TREATMENT

Owner charges rent for the property and for various facilities/ services along with the house like lift, gas, water, electricity, air conditioning etc. Such rent is known as composite rent.

(a) ***Where* Composite rent can be split up** and the portion of rent attributable to the letting of the premises shall be assessable as "Income from House Property". The other portion of the composite rent received for rendering facilities or services shall be assessable under section 28 or "Income from Other Sources".

(b) Where composite rent **are inseparable(letting of one is not acceptable without letting of other)** the entire income would be taxable as "Profits and Gains of Business or Profession" or "Income from Other Sources" **even if rent receivable for two lettings are fixed separately**.

(c) where composite rent **are Separable(** letting of one is acceptable without letting of other) rent attributable to the letting of the premises shall be assessable as "Income from House Property". Rent received from letting out other assets shall be assessable under section 28 or "Income from Other Sources".

PROPERTY INCOME EXEMPT FROM TAX

(a) Income from Farm house Building:10(1)
   1. On agricultural land
   2. Owned by agriculturist
   3. Used for dwelling/ store house or out-building.

(b) Income from property Held for charitable/religious purposes: sec 11

(c) Property Used for own business/profession: sec 22

(d) One Self-occupied house sec 23(2)

(e) Property Income of registered trade union/local authority sec 10(24)

(f) Palace of ex-ruler

(g) Property Income of university/educational institutions 10(23C)

(h) Property Income of Hospital sec 10(23C)

Basis of Computing Income From Let out House Property.

Gross Annual Value
Less: **Municipal Taxes Paid BY OWNER**
Net Annual Value
Less:
-Standard Deduction@ 30%
-Interest on Borrowed Capital
Income from House Property

GROSS ANNUAL VALUE CONCEPT

1. **Expected Rent**
2. **Rent received / Receivable**

- ❖ Tax u/s 22 is the Tax on "Income" from House Property and not on the "house property".
- ❖ It is tax on "Income" yet it is not a "tax upon Rent"
- ❖ It is tax upon **inherent capacity** of building to yield income.
- ❖ Annual value is the **Expected Let out amount (whether Property is actually let out/not)**
- ❖ It is **the Notional Rent**.
- ❖ **Actual rent** may be important factor for Annual Value **but not decisive factor IN LET OUT**.

A. Compute Expected Rent (23(1)(a)

Annual Letting Value(ALV)

<u>Expected Rent is Based on Three Factors:</u>

1) **Municipal Value:** Value on which municipal taxes like house tax are levied.

2) **Fair rent of the property i.e.,** rent of similar property in the same or similar locality.

3) **Standard rent:** Rent fixed under the Rent Control Act.

- ❖ Owner is not expected to get a rent higher than the standard rent fixed under the Rent Control Act.

Therefore higher of (1) & (2) subject to (3) , is the "Expected rent".

Annual Letting Value(ALV) is the higher of Fair rent and Municipal Value subject to standard Rent.

<u>NOTE :--EXPECTED RENT:</u>

- Cannot exceed the Standard Rent(Shiela kaushish vs CIT.)(SC)
- However, it can be lower than standard Rent. Dr Balbir Singh vs. MCD (SC)

EXPECTED RENT VALUE	A	B	C	D	E
Municipal value (a)	50	50	30	40	40
Fair rent (b)	46	46	33	48	68
Standard Rent(c)	NA	45	35	35	63
Expected Rent [(a)or (b), which ever is higher, subject to maximum of (c)]	50	45	33	35	63

Rent Received/Receivable

B. Compute Actual Rent Received/ Receivable If Property is available for Let Out in Previous Year (23(1)(b)

Rent of the Previous Year for which Property is available for Let Out (Annual Rent)	:	xxxxxxxxx
Less:		
1.Unrealized Rent subject to Conditions(Expl to sec 23(1)}		xxxxxx
2.Rent of Vacant period		xxxxxxx
Rent Received/Receivable		**xxxxxx**

Conditions to Exclude Unrealised Rent from Annual rent (Rent that could not be realize)

{ Expln to Sec 23(1) }

As per Rule 4 All Conditions to be Satisfied:

1) Bona fide Tenancy
2) Defaulting Tenant
   a) Has Vacated the Property or
   b) Steps taken to vacate the Property.
   c) Not in occupation of other Property of assessee.
3) Steps taken to institute legal proceeding for recovery of unpaid rent or
   Satifies AO that legal proceeding are useless.

COMPUTATION OF GROSS ANNUAL VALUE (SEC 23(1)) SITUATIONS

1) HOUSE PROPERTY- LET OUT:
   a) Let out throughout (12 months) in Prev Year.
   b) Part of the Year (say 9 months) Let out & part of the Year Vacant (say 3 months) in Prev Year.sec 23(1)(c)
   c) Part of the Year let out(say 7 months) & Part of the year self Occupied (say 5 months)

2) HOUSE PROPERTY- NOT LET OUT
   a) Self occupied for Residential Purpose.
   b) Could not Self occupied owing to employment at other place.

Other Case:

- **Say (60%) portion of The whole Property** is Let out & remaining Portion(40%) is Self occupied in Prev Year.

COMPUTAION OF GROSS ANNUAL VALUE

Compare Rent Received/receivable

with Expected rent

- To Compute Gross Annual Value

When Rent Receivable **is Higher** than Expected Rent (**Scenario A**)

Gross Annual Value { **Rent Receivable** }

When Rent Receivable **is Lower** than Expected Rent(**Scenario B**)

THREE SITUATION ARISES

Rent Receivable is : Lower :	**GROSS ANNUAL VALUE IS**
1. **ONLY** Because of Vacancy (23(1)(c):	- **Rent Received/ Receivable**
2. Partly Vacancy & Partly Other Factors (Low Rent, unrealized Rent)	- **Expected Rent Less: Vacancy Loss**
3. Any Factor other Than Vacancy (Part of year say 3 months self occupied, Unrealized rent, low rent)	- **Expected Rent**

House Property Only Let Out in PY

a) Let out throughout (12 months) in Prev Year.

Gross Annual Value is Expected Rent or Rent Receivable/Received whichever is Higher.

Assumption:

1. No Vacancy during the Year.
2. Rent Receivable may be lower because of any factor say low Rent, unrealized Rent

House Property Let Out & Vacant in PY.

b. Let out for Part of the Year (say 9 months) & remaining part of the Year Vacant (say 3 months) in Prev Year.sec 23(1)(c)

Scenario A.

When Rent receivable/Received is greater than Expected Rent

Gross Annual Value: Rent Received/receivable

Scenario B:

When Rent receivable/Received is Less than Expected Rent

i) Owing to Vacancy:

Gross annual Value is Rent Received/Receivable

ii) Partly owing to Vacancy & Partly Other Factors

Gross Annual Value is Expected Rent Less Vacancy Loss

iii) Factors other than Vacancy

Gross Annual Value is Expected Rent

House Property Let Out & Self Occupied in PY

Let out for Part of the Year let out(say 7 months) & for remaining Part of the year self Occupied (say 5 months

I. Ignore self occupied period(5 months)

II. Actual Rent taken for **Part of Year**(7 months)

III. Expected Rent taken for Full Year.

Gross annual Value is higher of above two.

House Property–Not Let Out in PY

- **Self-occupied** for residential purposes 23(2)(a) or
- Not self occupied owing to employment at other place (Sec 23(2)(

(ie.,UNOCCUPIED PROPERTY)

Where House Property is:

A. **Fully utilized** for self-occupied in previous year.

B. Owner occupies **only one** house for self residence.

C. Property **Not actually let out** during Previous year.

D. **No other benefit** derived.

Gross Annual value is NIL

Say (60%) portion of The whole Property is Let out (partly) & remaining Portion(40%) is Self occupied(partly) in Prev Year.

- Municipal value/Fair rent /Standard Rent/municipal taxes shall be apportioned based on built up area basis.
- Compute Annual Value/deductions separately for Let out & self-occupied.

Computation of Income From House Property

Step 1. Calculate Gross Annual Value

Step 2: Deduct Municipal taxes from the gross annual value , if the following conditions are fulfilled:

(a) Municipal taxes are borne by the owner &
(b) Actually paid during the previous year.

- Municipal taxes due but not paid shall not be allowed as deduction.
- Municipal taxes paid during the previous year are allowable even if they relate to past years or future years.
- Even where the property is situated outside the country, taxes levied by local authority in that country are deductible .

Step 3: The value arrived at after deducting the municipal taxes, referred to as the Net Annual Value (**Annual value** as per Income-tax Act).

Step 4. From such net annual value, deductions as permissible u/s 24(a) & (b) are allowed and the balance is the income under the head 'Income from house property.

Treatment of unrealized rent [Explanation to section 23(1)]

- Unrealized rent, should be deducted from Rent Received/Receivable subject to following conditions.

All Conditions need to be Satisfied as **Per Rule 4**:

4) Bona fide Tenancy
5) Defaulting Tenant
   a) Has Vacated the Property or
   b) Steps taken to vacate the Property.
   c) Not in occupation of other Property of assessee.
6) Steps taken to institute legal proceeding for recovery of unpaid rent or

   Satifies AO that legal proceeding are useless.

Important Note

In the income-tax return forms, unrealized rent is shown as deduction from the Gross annual value also. The above Explanation however does not provide that it should also be deducted from Expected Rent. This need to be reviewed by IT depts.

Deductions from income from house property [Section 24]

1. ***Only following Two deductions are allowed under section 24* Deductions provided under section 24 are exhaustive.**

    - No deduction for expenses not specified in section 24 eg., Insurance, ground rent ,repair, electricity, water

(a) ***Standard Deduction (sec 24(a):***

~ 30% of the net annual Value.

~ Allowed Irrespective of Expenditure incurred

(b) **Interest on borrowed capital(sec 24(b)**

Capital borrowed Eligible for:

- Acquiring, ii) Constructing iii) Repair iv) Renewal or iv) Reconstruction.
- Interest is Allowed on accrual Basis.
- Deduction can be Claimed on yearly basis even not paid.
- Interest on unpaid/outstanding Interest is not deductible.
- Interest on fresh loan taken to repay original loan is allowed as deduction.
- Brokerage or commission paid for loan not allowed as deduction.
- Interest payable out of India on which tax has not been Paid or deducted at source is not deductible.

Interest Prior to completion of construction

- Note: Interest is not to be aggregated till the date of completion of construction(say 15.9.2011)

- Interest will be aggregated :
    - from the date of borrowing till the
    - End of the previous year *prior to the previous year in which the house is completed(ie upto 31.3.2011).*

The aggregated pre-construction interest will be allowed 20% deduction

- In five successive financial years
- From the year of acquisition /construction is completed.

Any interest paid on outstanding amount of interest, will not be allowed as deduction. [Shew Kissen Bhatter v CIT (SC)].

Ceiling of Interest Deduction for Let Out Property

- Interest for Preconstruction period shall be in addition to Interest for Previous Year.
- For Let out Property the entire interest is allowed as deduction.There is no limit.

Ceiling of Interest on borrowed capital In case of One Self-occupied Property

For One Self-occupied Property, following limit on interest allowed as deduction

- Rs 30,000 deduction of interest for repair/renewal/reconstruction.
- Upto Rs 1,50,000 deduction of interest subject to other special conditions:

Special Conditions for higher deduction of interest of Rs 150,000 in case of self-occupied property are:

- Capital borrowed only after 1.4.1999.
- Construction can commence before 1/4/99
- Capital is borrowed ONLY for acquiring/construction (Not for reconstruction/Repairs/Renewals)
- Acquisition/construction should complete within 3 Years from end of fin year in Which capital borrowed.
- Lender certifies the Interest Payable.

NOTE:

2) Where Capital is borrowed for Repairs /Renewal /Reconstruction **before/after** 1.4.99 the limit for deduction of interest is only Rs30,000.
3) Where Capital is borrowed for acquisition/construction **before 1.4.99,** interest is deductible upto Rs 30,000.

When The Annual Value of self-occupied house shall not be nil:

- if such house or part is *actually let* during the previous year; or
- any other benefit there from is derived by the owner from such house.

In the above cases, the annual value shall be determined as per provisions applicable for let out properties

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Assessee has more than One house for self occupation

"Deemed to be Let Out"

- Exercise option to treat anyone of the houses to be self-occupied.
- The other house(s) will be "Deemed to be let out" and the annual value will be-determined as per section *23(1)(a).*
- Such option may be changed from year to year.
- If house property consists of two or more residential units and all such units are self-occupied, the annual value of the entire house property shall be taken as nil as there is only *one house property* though it has more than one residential units.

Recovery of Unrealized Rent Section 25AA

(Rent which has been deducted from actual rent in Prev Year for determining annual Value)

1. There was an Unrealized Rent
2. Unrealized rent was deducted from actual rent to determine Gross annual Value in earlier year(s) .
3. Subsequently the same is realized
4. It Shall be Taxed in the year of receipt.
5. This is Irrespective whether the assessee now is the owner of the property or not.
6. No deduction under section 24 is permissible

Recovery of Arrears of Rent Section 25B

(Rent not charged to Income tax for any previous Year)

1. Assessee increased the Rent in earlier years
2. But the Increase was under dispute.
3. Subsequently assessee receives increase in rent as arrears.
4. Taxable in the year of receipt.
5. This is Irrespective whether the assessee now is the owner of the property or not.
6. 30% of amount of arrears allowed as deduction. No other deduction allowed

Loss From House Property

1. Happen only When Permissible deduction exceeds NAV.

2. Loss Can be set off against other " Income from house property" in same Year.

3. Unabsorbed Loss can be set-off against other "head of Income" in same Year.

4. Balance unabsorbed loss carried forward u/s 71B within subsequent 8 Asst Yrs. Can be set off ONLY against "income from House Property" in subsequent years.

Exception:

- Where there is Only one self occupied property
- The same could not be occupied owing to employment(unoccupied Property).
- Its Loss can not be set off:
  - Against income from any other House.
  - Against Income under any other head.

MULTIPLE CHOICE QUESTION-

Municipal Taxes

1. Municipal taxes to be deducted from GAV should be
a) Paid by the tenant during the previous year
b) Paid by the owner during the previous year
c) Paid for regularization of unauthorized construction.
d) Accrued during the previous year

Property

2. Vacant site lease rental is taxable as
a) Income from house property
b) Business income if land hold for Business purpose
c) Income from other sources

Unrealised Rent

3. Treatment of unrealized rent for determining income from house property
a) To be deducted from annual letting value(ALV) /Expected rent.
b) To be deducted from actual rent
c) Maximum can be Rs30,000
d) To be deducted under section 24 from annual value

Owner

4. X is a member of a house building co-operative society. One of the flats is allotted to X. The income from that flat will be assessed in the hands of
a) Co-operative Society who are the owners.
b) X
c) Neither of the above.

Unrealized Rent

5. Y received Rs.120,000 in July, 2011 towards recovery of unrealized rent, which was deducted from actual rent during the P.Y. 2009-10 for determining annual value. The amount taxable under section 25AA for A.Y.2012-13 would be -
a) 120,000
b) 63,000
c) 60,000

Self-Occupied

6. Where an assessee has two house properties for self-occupation, the benefit of nil annual value will be available in respect of -
a) Both the properties
b) The property which has been acquired/constructed first
c) Anyone of the properties, at the option of the assessee
d) Anyone of the properties, at the option of the Income Tax officer.

Exercise: 1. EXPECTED RENT

1 . Calculate Expected Rent from following:

	A	B	C	D
Municipal Value	30	35	45	55
Fair Rent	35	25	55	50
Standard Rent	28	40	35	60

2 .Calculate Expected Rent from following:

	H1	H2	H3	H4
Municipal Value	115	115	115	115
Fair Rent	117	113	117	112
Standard Rent	NA	95	120	114

Exercise . RENT RECEIVED/RECEIVABLE

3. Calculate Rent Received/receivable from following data:

	A	B	C	D	E
Annual Rent (Rs)	68	72	72	130	120
Unrealized rent (Rs)	5	8	4	20	10
Vacancy loss (Rs)	10	6	8	12	7

4 . Calculate Rent Received/Receivable from Following Data

	I	II	III	IV
Annual Rent (Rs)	84	60	96	120
Unrealized Rent (Rs)	4	6	9	10
Vacancy(Months)	1	3	2	2.5

Exercise . COMPUTATION OF GROSS ANNUAL VALUE

5 . Calculate Gross Annual Value of the

1. If let out Property for entire Previous Year & No vacancy loss.
2. If let Out & partly Vacant

	A	B	C	D
Municipal Value	140	180	140	231
Fair rent	145	190	143	256
Standard rent	142	175	142	245
Annual Rent	170	170	170	250
Unrealized Rent	15	30	25	40
Vacancy Loss	7	115	23	65

6 . Calculate Gross Annual Value of the Let out Property

	H1	H2	H3	H4
Municipal Value	240	180	200	170
Fair rent	200	190	210	220
Standard rent	NA	150	220	235
Annual Rent	280	210	240	270
Unrealized Rent	1	3	5	8
Vacancy Loss (mths)	1	1.5	2	1

7 . Calculate Gross Annual Value of the Let out Property

	H1	H2	H3	H4	H5	H6	H7
Municipal Value	120	122	120	160	160	280	280
Fair rent	130	132	130	156	156	300	300
Standard rent	119	118	126	170	152	240	240
Annual Rent	144	114	144	144	NIL	192	288
Vacancy Loss	12	14	60	36	NIL	160	240

8. Calculate Gross annual Value where property is Partly Vacant

	Rs
Municipal Value	120,000
Fair Rent	144,000
Standard Rent	120,000

Rent-

Apr 1,2011 to May 31,2011	4,000 per month
Sept1,2011 to March,2012	5,000 per Month
Property remain Vacant	June1,2011 to 31Aug,2011

9 . Find Gross annual Value of HP **partly let out & Partly self Occupied** in Prev.Yr.

Municipal Value	2,00,000
Fair Rental	2,35,000
Self Occupied	1-4-2011 to 30-6-2011
Let Out	1-7-2011 @ 20,000 pm

10. In above Example work out Gross Annual Value in both the cases, if Standard Rental is Rs 210,000 & Rs 240,000.

11. Calculate Gross annual Value of The House Property which has been let out

Municipal Value	Rs 280,000
Fair Rent	320,000
Actual Rent pm	15,000
Property Vacated	on 1.9.2011 & thereafter let out Rs 20,000 pm

Rent Unrealized for August, 2011

12. Find Gross annual Value of HP **Partly let Out & Partly self Occupied** in Previous Year.

Municipal Value	2,00,000
Self Occupied	1-4-2011 to 30-6-2011
Let Out	1-7-2011 @ 20,000 pm
Standard Rent	280,000

(Note How would You compute Fair Rent)

21. Arvind owns one Residential house in Delhi having two floors. The First floor is self occupied by Arvind and the Ground Floor is Rented for Rs 10,000pm. The rented floor was vacant for 3 months during the year. The other particulars are:

Standard Rent Rs 150,000 pa
Municipal Valuation Rs 200,000 pa
Fair Rent Rs 180,000 pa
Municipal taxation 10% of municipal value.
Insurance charges Rs 12,000 pa
Ground Rent paid Rs 2,000 pa
Interest on borrowed capital Rs 2000 pm
Compute Income from House Property for AY 2011-12.

TRUE OR FALSE

1. Property includes not only residential buildings, but also factory buildings, offices, shops, godowns and other commercial premises.
2. For ownership under sec 22 registration of the sale deed is compulsory.
3. It is possible to have Net annual Value Negative.
4. For self occupied property no other deduction is allowed except interest on borrowed funds upto limit of Rs 30,000/150,000.
5. Ownership includes the deemed ownership
6. Property are owned by two or more persons (co-owners) ,whose shares are not definite and ascertainable shall be taxed as an Income of AOP.
7. Property held as stock-in-trade of a business is not a Property u/s 22;
8. There can be loss under Income from house Property in respect of self occupied Property
9. Deductions under section 24 can exceed Net asset Value in case of let out /deemed to be let out and thus there can be loss.
10. The benefit of exemption of one self-occupied house is available only to an individual/ HUF.
11. The expression "Unoccupied property" refers to a property which cannot be occupied by the owner by reason of his employment, business or profession at a different place and he resides at such other place in a building not belonging to him.
12. Where a house property is let-out for part of the year and self-occupied for part of the year The Expected rent is taken for Full Year but actual rent is part of the year.
13. If a single unit of a property is self-occupied for part of the year and let-out for the remaining part of the year, then the Expected Rent for the whole year (Annual letting Value) shall be taken into account for determining the GAV.
14. If a single unit of a property is self-occupied for part of the year and let-out for the remaining part of the year, property taxes for the whole year as paid is allowed as deduction.
15. In case of deemed to be let out property deductions under section 24 are not allowed.

FILL IN THE BLANKS

1. Income from letting out of vacant land is, taxable under ....
2. Where letting is not the main business but it is supplementary to the main business the rental income is taxable as ....
3. Where letting out of the property is supplementary to the main business of the assessee deductions is available up to..........% of Net annual value.
4. Where a commercial property is let out along with machinery and the two lettings are inseparable, the income will assessed as ....
5. If the letting out of building and other assets are not separable i.e. the other party does not accept letting out of buildings without other assests, then the rent is taxable as ....
6. If building is let out along with other assests, but the two lettings are separa-

ble i.e. letting out of one is acceptable to the other party without letting out of the other, then income from letting out of building is taxable as………………

7. In case of a resident in India (resident and ordinarily resident in case of individuals and HUF), income from property situated outside India is taxable only when ………………….,
8. In case of a non-resident or resident but not ordinarily resident in India, income from a property situated outside India is taxable only ………….
9. Deductions under section 24 can exceed Net asset Value in case of let out /deemed to be let out and thus there can be loss.
10. Where let out property is vacant for part of the year and owing to vacancy, the actual rent is lower than the ALV, then the GAV of the property is……………………
11. Where the property is self-occupied for own residence or unoccupied throughout the previous year, its Annual Value will be …………
12. In case of deemed let-out property, GAV is calculated as……………….
13. In case of a house property, a portion let out and a portion self-occupied Municipal valuation/fair rent/standard rent, if not given separately, shall be ………….between the let-out portion and self-occupied portion either on …………..basis.
14. In case of a house property, a portion let out and a portion self-occupied Property taxes, if given on a consolidated basis shall be………………
15. Deduction under section 24(b) for interest is available on ……… basis.
16. Where the house property owned by co-owners is self occupied by each of the co-owners, the annual value of the property of each co-owner will be …………………..

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