Situations

A house property is utilized throughout previous year for self residential purpose	House Property not occupied by owner owing to employment/business on any other place	When part of property is self occupied and part is let out	When house is self occupied for part of year and let out for remaining part of year	If more than one house property is used for residential purpose
Tax Treatment as below	Tax Treatment as below	Tax Treatment as below	Tax Treatment as below	Tax Treatment as below
Nothing is taxable only interest on borrowed capital is deductible subject to maximum 30,000/1,50,000	Nothing is taxable only interest on borrowed capital is deductible subject to maximum 30,000/1,50,000	Income from independent unit which is self occupied will not be taxable. Interest on borrowed capital is deductible upto 30,000/1,50,000	No concession is available. The house will be taken as let out property	Only one selected property will be treated as self-occupied and others will be considered as let out property

Property income exempt from tax

1	2	3	4	5	6	7	8	9	10
Farm house	One palace	Local authority	Approved research institution	University or educational institutions	Hospital or medical institution	Trade union	Charitable purpose	Political party	Own business and one self occupied property

Applicability of section 22 (deemed owner) in certain typical situations

1	2	3	4	5
House property in foreign country	Disputed Ownership	Property held as stock in trade	Splitting up of a composite rent	Property owned by co-owner

Chargeability of section 22

Condition 1	Condition 2	Condition 3
Property should consist of any building or land appurtenant thereto	Assessee should be owner of property	The property should not be used by the owner for the purpose of any business or profession carried by him

Gross Annual value (GAV)

1. Municipal valuation (MV)
2. Fair rent (FR)
3. Standard rent (SR)

Higher of Municipal valuation or Fair rent subject to maximum of Standard rent

Particulars	A	B	C	D	E
MV	40	40	40	40	40
FR	46	46	46	48	51
SR	NA	45	35	45	63
Result	46	45	35	45	51

Step 1	2	3	4	5
Result	Rent actually received or receivable after excluding unrealized rent but before deducting loss due to vacancy	Higher of 1 or 2	Find out loss because of vacancy	GAV = 3-4

Computation of Income from property

Let out	Self occupied
Gross Annual Value	Gross Annual value = Nil
Less: Municipal tax paid by owner	Nil
Less: 30% Standard Deduction	Nil
Less: Interest on borrowed capital on accrual basis (30,000 for repair and 1,50,000 for others)	Less: Interest on borrowed capital on accrual basis (30,000 for repair and 1,50,000 for others)
Income from house property	Income from house property (always loss)

Interest on pre-construction period: It is deductible in 5 equal annual installments commencing from previous year in which house is acquired or constructed.

Condition on interest on borrowed capital

Point 1	2	3	4	5	6
Deduction is available even if neither principal or interest is paid	Interest on unpaid interest is not deductible	No deduction is allowed for any brokerage or commission	Interest on fresh loan to repay original loan is allowable as deduction	If amount borrowed is not utilized for housing purpose then no deduction is allowable	Interest on borrowed capital is claimed by person who has acquired or constructed property with borrowed fund

Section 25A	Section 25AA	Section 25B
Unrealized rent was allowed as deduction in A.Y. 2001-02 or earlier	Unrealized rent for the previous year 2001-02 or subsequent year	Taxation of arrears of rent in the year of receipt
Treatment as below	Treatment as below	Treatment as below
1. Amount so recovered is taxable in previous year in which it is received	1. Amount so recovered is income from house property	1. Amount so recovered is taxable in previous year in which it is received after deducting 30% of such amount
2. It is taxable even if house is not owned by assessee in the year of recovery	2. It is taxable even if house is not owned by assessee in the year of recovery	2. It is taxable even if house is not owned by assessee in the year of recovery