

Basis of Computing Income from letout HP.

Gross ann annual value	xxx
Less: Municipal Taxes	xxx
Net annual value	xxx
Less: Deduction u/s 24	xxx
• Standard deduction (30%)	
• Interest on borrowed capital	
Income from House Property	

Step 1

Reasonable expected rent (Municipal Value or fair rent whichever is higher subject to Std. Rent.

Rent actually receivable - unrealised rent whichever is higher from Step-1 or 2

Step 3 - Loss of Vacancy

This will be Gross annual value of HP.

Municipal Taxes are deductible only if these taxes are borne by the owner and also paid by him.

Interest on borrowed Capital $\Rightarrow$ is allowable only if capital is borrowed for the purpose of purchase, Construction, repair, renewal or reconstruction of the property.