

- ⇒ Interest on a fresh loan, taken to repay the original loan raised for the aforesaid purpose is allowable deduction.
- ⇒ Max ceiling will be ₹ 150,000 if the ^{loan for} house construction is made. And the same should be completed within 3 years from the end of FY in which capital was borrowed.
- ⇒ Maximum limit will be ₹ 30,000 if the loan is taken for reconstruction, repair or renewal of house property.

Pre Construction Period

- Interest of Pre construction period is deductible in 5 equal Instalments
- Pre Construction period starts from the date of borrowing
- It ends with (i) completion of construction, last Mar 31. (ii) Date of repayment of loan whichever is earlier.

Que X, takes a loan of ₹ 40,000 @ 15% p.a. for constructing a house on June 10, 2005. Construction of House is completed on Jan 20, 2011.

Date of Repayment of loan is

(a) Jan 16, 2016

(b) June 30, 2012

(c) Oct 31, 2008