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Income from house property

Interest on loan :— 30000/250000
Exemption.

Interest on loan during construction period :—
1/5 of Interest.

Eg. :— 100000 @ 10%.
Loan taken on 01.08.2010
Construction completed on 01.04.2013

2010 - 11	——	7 month
2011 - 12	——	12 month
2012 - 13	——	12 month
		31 month

(i) Interest on loan

a) Current years

100000 @ 10% = 10000

b) During construction period

$$100000 \times \frac{10}{100} \times \frac{31}{12} \times \frac{1}{5} =$$

Calculation of Gross Annual Value

1) When rent control Act not covered

i) Municipal Value
ii) Fare Rent
iii) Actual Rent
] Which ever is higher — (1) Expected Rent

i) Expected Rent
ii) Actual Rent
] Which ever is higher → G.A.V

E.g.

i) M.V = 50000
ii) A.R = 48000 (4000×12)
iii) E.R = 52000
] (1) E.R = 52000

(1) E.R = 52000
(ii) A.R = 48000
] 52000 G.A.V

2) When covered rent control Act.

i) Municipal Value
ii) Fare Rent
iii) Actual Rent
] Higher — (i) & lower E.R (ii) Standard Rent

i) E.R
ii) A.R
] Higher G.A.V

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E.g.

a) M.V = 40000
b) A.R = 42000
c) F.R = 50000

Higher = 50000] Lower
S.R = 48000] E.R = 48000

i) E.R = 48000]
ii) A.R = 42000] 48000 G.A.V

Note :- Due to vaccant of house property if actual rent is lower that E.R assume as G.A.V.

A.Y = Assessment year

Computation of taxable income from H.P for the A.Y 2019-20

	₹	₹
G.A.V		✓
(-) Municipal tax (M.T)	✓	✓
~~Annual value~~		✓
(-) Unrealised rent	✓	✓
Annual Value		✓
(-) i) Standard deduction 30% of A.V	✓	✓
ii) Interest on loan	✓	✓
Taxable loan		✓

Example:—

1. Calculate of G.A.V
If M.T paid by self

a) Cal. of G.A.V

A.R.V = 5000 x 12 = 60000

Computation of A.V of

	₹	₹
G.A.V		60000
(-) M.T (60000 x 10 / 100)	6000	6000
Annual Value		54000

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NUMERICAL QUESTIONS

Long numerical Questions :—

Q1. Municipal value = ₹ 75000
Fair rent = ₹ 80000
Annual rent = ₹ 30000 × 3 = 90000] E.R = 90000

E.R = 90000
A.R = 90000] 90000 = G.A.V

	₹	₹
G.A.V		90000
(–) Municipal Tax	12000	12000
Annual Value		78000

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Q2. Actual Rent = 48000 x 4 = 192000
Municipal Value = 165000 → 200000 - E.R
Fair rent = 200000 → 220000 - S.R

E.R = 200000
A.R = 192000 → 200000 G.A.V

	₹	₹
		G.A.V 200000
(-)	Municipal Tax	35000 35000
		Annual Value 165000

Q3.a) Compute the annual value of the house A.

M.R = 60000
F.R = 75000 → E.R = 75000
A.R = 69000

E.R = 75000
A.R = 69000 → 75000 G.A.V

	₹	₹
		G.A.V 75000
(-)	Municipal Tax	6000 6000
		69000

b) Compute the annual value of the house B.

M.V = 48000
E.R = 60000] 60000 - Higher] 60000 E.R
A.R = 54000] 52000 - S.R]

E.R = 60000
A.R = 54000] 60000 G.A.V

	G.A.V	60000
(-)	Municipal Tax	4800
	Annual value	55200

c) Compute the annual value of the house C.

M.V = 36000
E.R = 45000] 45000 - Higher] 42000 E.R
A.R = 40000] 42000 - S.R]

E.R = 42000
A.R = 40000] 42000 G.A.V

	G.A.V	42000
(-)	Municipal Tax	3600
	Annual Value	38400

d) Compute the Annual Value of the house D.

M.R = 96000
F.R = 116000
A.R = 120000

120000 - Higher
115000 - S.R
115000-ER

E.R = 115000
A.R = 120000
120000 G.A.V

	₹	₹
G.A.V		120000
(-) Municipal Tax	9600	9600
Annual Tax		110400

Q4. From the following information compute the annual value of the house:

Municipal vale 400000
F.R 360000
A.R 500000

Higher = 500000
S.R = 450000
E.R 450000

E.R = 450000
A.R = 500000
500000

G.A.V		500000
(-) M.T	25000	250000
		475000
(-) Unrealised rent Acc	50000	50000
A.V		425000

Q5 Compute the income from house property.

Fair rent = 80000
Actual rent = 7000 x 11 = 77000] 80000 E.R

E.R = 80000]
A.R = 77000] 77000 G.A.V

G.A.V	77000	
− M.T	8000	
Annual Value	69000	
(-) Standard deduction @ 30%	20700	
	48300	48300

6. Compute the Income from House property.

Gross Annual Value		96000
(-) M.T	20000	20000
Annual Value		76000
Standard deduction @ 30%	22800	
Int. on loan	5040	27840
Income from H.P		48160

Working note :—

During construction period

$$= \frac{300000}{100} \times \frac{12}{100} \times 2 \times \frac{1}{5}$$

$$= 60 \times 24 = 1440$$

During current year

$$= \frac{300000}{100} \times \frac{12}{100} = 3600$$

Int. on loan = 1440 + 3600 = 5040

Q7. 1st Building

A.R = 60000] E.R = 60000] 60000 G.A.V
M.V = 40000] A.R = 60000]

2nd Building

A.R = 63000] E.R = 63000] 63000 E.R
M.V = 56000] A.R = 63000]

Q7, Compute the Income from House property.

	I	II	Total
G.A.V	60000	63000	
(-) M.T	6000	8400	
A.V	54000	54600	108600
(-) i) St. ded @ 30%	32580		
ii) Int. on loan	16000		48580
T.I			60020

8. F.R = 80000
A.R = 72000
M.V = 50000

E.R = 80000
S.R = 60000] 60000

E.R = 60000
A.R = 72000] 72000

Compute the Income from House property.

G.A.V			72000
(-) M.T	$72000 \times \frac{20}{100} = 14400$		10000
			14400
	$50000 \times \frac{20}{100}$ A.V		62000
~~(-) Interest p.~~			
(-) i) St. ded. @ 30%		18600	
		17280	
ii) Interest paid		18000	36600
Income from H.P			25400

9.

Fair rent :

A·R = 8000 × 9 = 72000] ER = 72000
M·V = 80000]

E·R = 72000]
A·R = 72000] 72000

	Gross Annual Value		72000
(-)	M·T 80000 × 30/100		120000
	A·V		-48000
(-)	Standard deduction 30%	Nil	
	Interest	42000	-42000
	Loss from H·P		(90000)

10. Computation of income from H·P for the A·Y 2019-20

	Self Occupied A·V	Nil	
(-)	Interest	120800	120800
	Loss from H·P		120800

Note :- Interest has been computed as under:

i) Interest on ₹ 200000 @ 13.5% from 1.6.2011 to 31.3.2014

1.6.2011 - 31.3.2012 = 10 months
1.4.2012 - 31.3.2012 = 12 months
1.4.2013 - 31.3.2014 = 12 months

$$200000 \times \frac{13.5}{100} \times \frac{34}{12} \times \frac{1}{5} = 15300$$

ii) Interest on above loan for the P.Y 2018-19

$$200000 \times \frac{13.5}{100} = 27000$$

iii) Int. on loan ₹ 600000 @ 13% for the P.Y 2018-19

$$600000 \times \frac{13}{100} = 78000$$

Int. on loan = 15300 + 27000 + 78000 = 120300

Q11. Computation of Income from H.P for the A.Y 2019-20

Self-occupied house A.V	N.I
Less:- Interest 282500	
Max. deductible	200000
Loss from H.P	200000

Working note :-

Int. under construction period :-

1.6.2015 - 31.3.2016 = 10 months
31.4.2016 - 31.3.2017 = 12 months
1.4.2017 - 31.3.2018 = 12 months

$$300000 \times \frac{15}{100} \times \frac{34}{12} \times \frac{1}{5} = 25500$$

Int. on A.Y 2018-19

$$300000 \times \frac{15}{100} = 45000$$

$$900000 \times \frac{18}{100} = 162000$$

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Q 12. Computation of Taxable Amount recovered from Unrealised Rent

	₹	₹
Amount claimed unrealised		50000
Amount allowed by A.O		42000
Amount not allowed as deduct.		8000
a) Amount recovered ₹ 6000		
Amount recovered (₹ 6000) is less than the amount not allowed (₹ 8000), hence taxable amount		Nil
b) Amount recovered		10000
(-) Amount not allowed as ded.		8000
Unrealised rent realised		2000
Less :- 30% of 2000		600
Taxable A.		1400
(c) Amount recovered		15000
(-) Amount not allowed as deduction		8000
Unrealised rent realised		7000
(-) 30% of ₹ 7000		2100
Taxable Amt.		4900

Q13. Computation of Income from H.P

G.A.V		70000
(-) M.T		20000
A.V		50000
(-) 30% of A.V 50000 × 30/100		15000
		35000
(+) i) Unrealised rent realised	20000	
(-) 30% of ₹ 20000	6000	14000
(ii) Arrears of rent	12000	
(-) 30% of ₹ 12000	3600	8400
Income from H.P		57400

E.R = 72000
M.V = 100000 × 100 / 200 = 50000
A.R = 7000 × 10 = 70000

Higher = 72000 / S/R = 60000 — Which is lower is E.R

E.R = 60000
A.R = 70000 — G.A.V

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Q14. Computation of Income from H.P of Mr. Saxena for the A.Y 2019-20

a) A.V of self-occupied portion		Nil
(-) Int. on loan		8000
Loss from self-occupied portion		(8000)
b) G.A.V		24000
(-) M.T		6000
A.V		18000
(-) 30% of Standard deduct.	5400	
Int.	8000	13400
Income from let-out portion		4600

A.R = 2000 × 12 = 24000
E.R = 15000
→ 24000 E.R

E.R = 24000
A.R = 24000
→ 24000

Loss from H.P (a) - (b) = 8000 - 4600
= 3400

Total Income = 324000 - 3400
= 320600 Ans.

Q15. Computation of Income from H.P of Mr. X for the A.Y 2019-20

Building I (Self Occupied) Annual Value		Nil
Building II		
G.A.V		48000
(-) M.T		12000
A.V		36000
(-) 30% of A.V	10800	
Int. on Mortgage for repairs of the House 50000 × 1/2	2500	13300
Income from H.P		22700

Q16. Computation of Income from H.P of Mr. Ram for the A.Y 2019-20

G.A.V		36000
(-) M.T		6000
A.V		30000
(-) 30% of A.V Standard Deduct.	9000	
Int. on loan	6000	15000
Income from H.P		15000

Working notes :—

M.V = 30000
F.R = 36000
A.R = 4000 x 3 = 12000

F.R = 36000
A.R = 12000
Gr. A.V = 36000

Int. on loan for construction period

1.4.2013 - 31.3.2014
1.4.2014 - 31.3.2015
] 2 years

$50000 \times \frac{10}{100} \times 2 = \frac{10000}{5} \times 1 = 2000$

Int. on loan for previous year

50000 - 10000 = 40000

$40000 \times \frac{10}{100}$ = 4000

6000