



INCOME FROM HOUSE PROPERTY

UNDERSTANDING INCOME
FROM HOUSE PROPERTY IN
INDIA

INTRODUCTION:

Income from House Property is one of the key sources of income for many individuals in India. Whether you own a residential property, commercial property, or both, it's crucial to understand how income from these properties is taxed. In this blog post, we'll understand the basics of Income from House Property, its taxation, deductions, and other essential aspects.



WHAT IS INCOME FROM HOUSE PROPERTY?

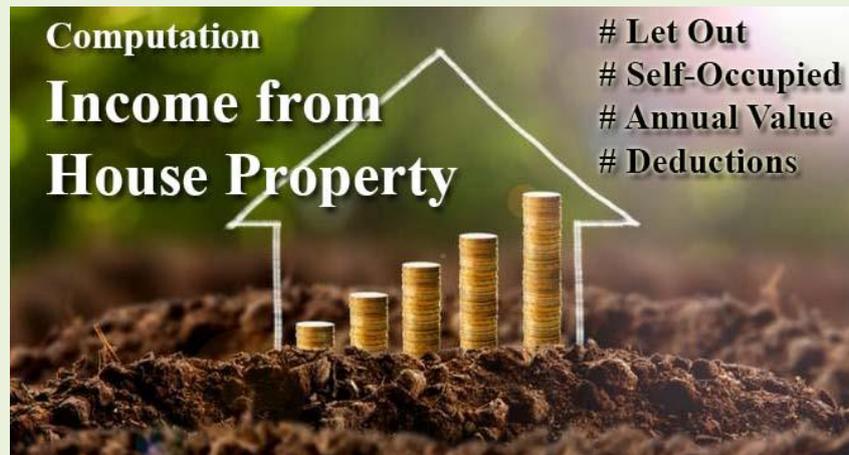
Income from House Property includes any income earned from a property owned by an individual. This could be

- ✚ **RENTAL INCOME:** Rent received from letting out a house or commercial property.
- ✚ **DEEMED RENT:** If you own more than one house, the deemed rent for the house(s) which is not self-occupied.
- ✚ **VACANCY ALLOWANCE:** Any rent not received due to the property remaining vacant for a certain period.



HOW IS INCOME FROM HOUSE PROPERTY TAXED?

The taxation of income from house property follows a specific set of rules:



- ✚ **Gross Annual Value (GAV):** The GAV is the amount for which the property might reasonably be expected to be let out. It is determined based on the higher of the actual rent received, the municipal value, or the fair rent.
- ✚ **Standard Deduction:** From the Gross Annual Value, a standard deduction of 30% is allowed to cover repairs, maintenance, and other expenses.
- ✚ **Municipal Taxes:** Municipal taxes paid during the year can be deducted from the Gross Annual Value.
- ✚ **Interest on Loan:** If you have taken a loan for the purchase, construction, repair, or renovation of the property, you can claim a deduction on the interest paid on such loan. This deduction is allowed without any limit for a let-out property, while for self-occupied

or deemed let-out properties, the maximum deduction is Rs. 2,00,000 per year.



- ✚ **Co-ownership:** If the property is jointly owned, each co-owner can claim a deduction on their share of interest on the loan.
- ✚ **Annual Value (AV):** The AV is calculated as Gross Annual Value minus municipal taxes. If the property is self-occupied, and there is no other house property owned by you, the annual value is considered as nil.
- ✚ **Taxable Income:** The taxable income from house property is calculated by deducting the interest on loan (up to the specified limits) from the annual value.



POINTS TO REMEMBER:

- ✚ *Rental Agreement:* Ensure you have a proper rental agreement in place with tenants, outlining all terms and conditions.
- ✚ *TDS (Tax Deducted at Source):* Tenants are required to deduct TDS if the annual rent exceeds Rs. 2,40,000 (as of 2022).
- ✚ *Filing Income Tax Return:* Declare rental income while filing income tax returns, using appropriate ITR forms.

CONCLUSION:

Understanding Income from House Property empowers individuals to make informed decisions, whether they are landlords, tenants, or property owners. By staying informed with tax regulations, individuals can effectively manage their property investments and financial well-being. We empower you with the another interesting topic in the next blog.

- THANK YOU!!!