

VIVEKANANDA COLLEGE THAKURPUKUR KOLKATA-700063

NAAC ACCREDITED 'A' GRADE



Topic: Income From House Property

Course Title: B.Com (UNDER CBCS SYSTEM)

Paper: TAXATION-1

Unit: 02

Semester: 4th Semester

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Name of the Department: COMMERCE



Tools



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8. Sree Jagannath Saha is the owner of four house properties, the particulars of which for the previous year 2018-2019 are stated below :

House No.	I	II	III	IV
Date of commencement of construction	10.4.90	10.12.2011	14.12.2015	20.9.2014
Date of completion	17.10.98	1.1.13	14.2.2016	16.4.2015
Mode of use	Self-occupied (for own residence)	Let out (for tenant's residence)	Self-occupied (for own business)	Let out for (for tenant's business)
Gross Municipal value (₹)	4,500	6,300	11,700	8,100
Rent Received (₹)	—	7,200	—	10,800
Municipal tax (₹)	500	700	1,300	900
Cost of repairs (₹)	630	(paid by Saha) 600	(50% paid by tenant) 250	800
Land revenue (₹)	80 (paid)	(paid by tenant) 100 (paid)	—	150 (due)
Ground rent (₹)	—	—	200 (due)	—
Legal charges for recovery of rent (₹)	—	260	—	740
Interest on Loan (₹) (for construction)	900	—	—	1,000
Cost of special amenities (₹) (e.g. special lighting etc.)	—	300	—	—
Vacancy	—	—	—	2 months
Voluntary Annual Charges (₹)	500	400	—	—
Fire Insurance Premium (₹)	90	130	500	220

Compute Sree Jagannath Saha's income from house property for the Assessment Year 2019-2020. [1989]

8) Computation of Income under the head 'Income from house property' of Sree Jagannath Saha, a resident individual, for the assessment-year 2020-21, relating to the previous year 2019-20.

Particulars	(₹)	(₹)	(₹)
<u>House No-I (Self occupied for own residence):</u>			
Net Annual Value		Nil	
less: Interest on loan u/s 24(b)		(900)	(900)
<u>Income from House I</u> →			
<u>House No-II (Let out for tenant's residence):-</u>			
<u>Step I: Reasonable Expected Rent</u>	6300		
- Gross Municipal value (Gross Municipal value or fair rent whichever is higher but subject to maximum standard rent)			
<u>Step II: Rent Actually Received/Receivable (₹200-300)</u>	6900		
(Rent received - cost of special amenities)			
<u>Step III: Higher between Step I & Step II</u>	6900		
less: loss of rent - due to vacancy	-		
Gross Annual Value →	6900		
less: Municipal tax paid by owner	700		
Net Annual value →		6200	
less: Deduction u/s 24:			
i) Standard Deduction u/s 24(a): - 30% of 6200	1860		
ii) Interest on loan u/s 24(b):	-	(1860)	
<u>Income from House II</u> →			4340
<u>House No: III (Self occupied for own business):</u>			Nil
Exempted u/s 22			
<u>House No-IV (Let out for tenant's business):-</u>			
<u>Step I: Reasonable Expected Rent</u>	8100		
- Gross Municipal value (Gross Municipal value or fair rent whichever is higher but subject to maximum standard rent)			
<u>Step II: Rent actually received/receivable</u>	12,960		
(Annual rent - Unrealised rent) $[(10800 \times \frac{12}{10}) - Nil]$			
<u>Step III: Higher between Step I & Step II</u>	12,960		
less: loss of rent - due to vacancy $(12960 \times \frac{2}{12})$	2,160		
Gross Annual value →	10,800		
less: Municipal tax $(900 \times 5\%)$	450		
Net Annual value →		10,350	
less: Deduction u/s 24:			
i) Standard Deduction u/s 24(a): - 30% of 10,350	3105		
ii) Interest on loan u/s 24(b):	1000	(4105)	
<u>Income from House IV</u> →			6245
<u>TOTAL INCOME FROM HOUSE PROPERTY</u> →			<u>9685</u>

11. Shri T. C. Bhattacharjee owns three houses in Kolkata. The property A is let out for office purpose at a monthly rent of ₹ 1,000. The property B consists of three separate residential units which are let out to different tenants for residential purposes at ₹ 500 per unit per month. The property C is used by Shri Bhattacharjee for his own residence and its fair Annual value is assessed at ₹ 8,000.

From the following details compute Shri Bhattacharjee's Income from House Property for the Assessment Year 2019-2020.

Particulars	Property A	Property B	Property C
Construction started on	19.5.2011	2.4.2009	1.2.2012
Construction completed on	4.4.2016	31.12.13	2.9.2015
	₹	₹	₹
Annual Municipal Tax (@ 10%)	900	1,350	700
Fire Insurance Premium	200	300	150
Ground Rent	100	150	50
Collection Charges	400	600	—
Interest on Mortgage Loan	800	—	4,000
Expenses on Pump Maintenance	—	700	—
Unrealised Rent	—	10,000	—

The owner bears all expenses.

The mortgage loan on property A was taken for the repayment of a personal loan of the owner. But the loan on property C was taken for construction purpose of the same property. One of the units of property B remained vacant for 3 months during the relevant previous year. He satisfied all the conditions for the deduction of unrealised rent from this property.

[1994]

11) Computation of Income under the head 'Income from house property' of Shri T.C. Bhattacharjee, a resident individual for the assessment year 2020-21, relating to the previous year 2019-20.

Particulars	(₹)	(₹)	(₹)
<u>Property A (Let out for office purpose):-</u>			
<u>Step I:</u> Reasonable Expected Rent -			
- Gross Municipal value $(900 \times \frac{100}{90} \times \frac{100}{10})$ (Gross Municipal value or fair Rent, whichever is higher but subject to maximum standard Rent)	10,000		
<u>Step II:</u> Actual Rent Received/Receivable (1000×12)	12,000		
<u>Step III:</u> Higher between Step I & Step II	12,000		
less: Loss of rent due to vacancy	-		
Gross Annual Value \rightarrow	12,000		
less: Municipal tax	900		
Net Annual Value \rightarrow		11,100	
less: Deduction u/s 24:			
i) Standard Deduction u/s 24(a): - 30% of 11,100	3,330		
ii) Interest on loan u/s 24(b):	Nil	(3,330)	
<u>Income from Property A \rightarrow</u>			7,770
<u>Property B (Let-out):-</u>			
<u>Step I:</u> Reasonable Expected Rent -			
- Gross Municipal value $(1350 \times \frac{100}{10} \times \frac{100}{90})$ (Gross Municipal value or fair Rent whichever is higher but subject to maximum standard Rent)	15,000		
<u>Step II:</u> Actual Rent Received/Receivable [Annual Rent - Unrealised Rent] $[(5000 \times 12 \times 3) - 700]$	17,300		
<u>Step III:</u> Higher between Step I & Step II	17,300		
less: Loss of rent due to vacancy (1 unit \times ₹500 \times 3 months)	1,500		
Gross Annual Value \rightarrow	15,800		
less: Municipal tax	1,350		
Net Annual Value \rightarrow		14,450	
less: Deduction u/s 24:			
i) Standard Deduction u/s 24(a): - 30% of 14,450	4,335		
ii) Interest on loan u/s 24(b):	-	(4,335)	
<u>Income from Property B \rightarrow</u>			10,115
<u>Property C (Self-occupied):</u>			
Net Annual value		Nil	
less: Interest on loan u/s 24(b)		(4,000)	
<u>Income from Property C \rightarrow</u>			(4,000)
<u>TOTAL INCOME FROM HOUSE PROPERTY \rightarrow</u>			<u>13,885</u>

15. Mr. L. Bhaduri is the owner of 4 house properties in Kolkata. From the following particulars compute his Income from House Property for the Previous Year 2019-20 :

House Nos.	A	B	C	D
(a) How used	Tenant's Business	Tenant's Residence	Own Residence	Own Business
(b) Municipal Value (₹) (Gross)	40,000	30,000	30,000	20,000
(c) Rent Received (₹)	3,000 p.m.	2,750 p.m.	----	----
(d) Fair Rent (₹)	38,000	35,000	32,000	25,000
(e) Repair Expenses (₹)	5,000	Nil	2,000	1,000
(f) Fire Insurance Premium (₹)	500	400	Nil	200
(g) Land Revenue (₹)	800 p.m. (50% paid)	500 p.m. (paid)	300 p.m. (unpaid)	100 p.m.
(h) Interest on Loan (₹)	15,000 (paid)	----	25,000 (unpaid)	----
(i) Annual Charges (₹)	500 p.m. (Voluntarily)	600 p.m. (As per Court's order)	200 p.m. (As per Will)	Nil
(j) Municipal Tax paid (10%)	6 Quarters (with previous two quarters)	5 Quarters (with coming one quarter)	4 Quarters	4 Quarters
(k) Vacancy period	2 months	Nil	3 months	Nil

Mr. Bhaduri has mortgaged the House A for taking a loan but the amount is fully used for construction of House B.

[2002]

15) Computation of Income under the head 'Income from Houseproperty' of Mr. L. Bhaduri, a resident individual, for the assessment-year 2020-21, relating to the previous year 2019-20.

Particulars	(₹)	(₹)	(₹)
<u>House No - A (Tenant's Business) :-</u>			
<u>Step I:</u> Reasonable Expected Rent			
- Gross Municipal value	40,000		
- fair Rent	38,000		
(Gross Municipal value or fair Rent whichever is higher but subject to maximum Standard Rent)	40,000		
<u>Step II:</u> Actual Rent-Received/Receivable			
(Annual Rent - Unrealized Rent) [(3000x12)-Nil]	36,000		
<u>Step III:</u> Higher between Step I & Step II	40,000		
less: loss of rent due to vacancy (3000x2)	6,000		
Gross Annual value →	34,000		
less: Municipal tax $(40,000 \times 90\% \times 10\% \times \frac{6}{4})$	5,400	28,600	
Net Annual value →			
less: Deduction u/s 24:			
i) Standard Deduction u/s 24(a):			
- 30% of 28,600	8580		
ii) Interest on loan u/s 24(b):			
(as used for house B)	-	(8580)	
<u>Income from House No A →</u>			20,020
<u>House No - B (Tenant's Residence) :-</u>			
<u>Step I:</u> Reasonable Expected Rent			
- Gross Municipal value	30,000		
- fair Rent	35,000		
(Gross Municipal value or fair Rent whichever is higher but subject to maximum Standard Rent)	35,000		
<u>Step II:</u> Actual Rent Received/Receivable (2750x12)	33,000		
<u>Step III:</u> Higher between Step I & Step II	35,000		
less: loss of rent due to vacancy			
Gross Annual value →	35,000		
less: Municipal tax $(30,000 \times 90\% \times 10\% \times \frac{5}{4})$	3375	31,625	
Net Annual value →			
less: Deduction u/s 24:			
i) Standard Deduction u/s 24(a):			
- 30% of 31,625	9488		
ii) Interest on loan u/s 24(b)	15000	(24,488)	
<u>Income from House No B →</u>			7137
<u>House No: C (Self occupied) :-</u>			
Net Annual value		Nil	
less: Interest on loan u/s 24(b)		Nil	Nil
<u>Income from House No C →</u>			
<u>House No D (Business purpose) :-</u>			
Exempted u/s 22			Nil
<u>TOTAL INCOME FROM HOUSE PROPERTY →</u>			<u>27,157</u>