

Q1 Module

	<u>Gurgaon</u>	<u>Delhi</u>	
	<u>SO</u>	<u>LO</u>	
GAV	-	4,40,000	
Less: Municipal taxes paid by the owner during the PY	-	-8,250	
NAV	-	4,31,750	
Less: Deduction			
Sec 24(a)	-	-1,29,525	
Sec 24(b)	-51,333	-1,03,125	
<b>Income from House Property</b>	<b>-51,333</b>	<b>1,99,100</b>	<b>TOTAL</b> <b>1,47,767</b>

**WORKING NOTES:**

**WN1: COMPUTATION OF GAV**

Expected rent (a)	-	4,40,000	
De facto rent for full year	-	5,04,000	
Unrealised rent	-	-84,000	2 months
Vacancy		-63,000	
		3,57,000	
<b>GAV FOR THE HOUSE</b>	<b>-</b>	<b>4,40,000</b>	<b>1.5 months</b>

**WN2: Interest on loan taken**

	<u>Gurgaon</u>	<u>Delhi</u>
DOB	01/11/2019	15/02/2015
DOCC	01/07/2021	01/11/2018
DOR	-	01/01/2020
purpose	Cosntruction	Construction
Amount	5,00,000	20,00,000
rate	8%	8.25%
<u>interest</u>		
pre	11,333	1,03,125
post	40,000	-
Total	51,333	1,03,125

Pre completion period

months

Gurgaon:

1/11/2019 to 31/03/2020	5	16,667
01/04/2020 to 31/03/2021	12	40,000
		56,667
Allowed over 5 years		11,333

Delhi:

15/02/2015 to 31/03/2015	1.5	20,625
01/04/2015 to 31/03/2016	12	1,65,000
01/04/2016 to 31/03/2017	12	1,65,000
01/04/2017 to 31/03/2018	12	1,65,000
		5,15,625
Allowed over 5 years		1,03,125

Note: The factory in Muradabad is used for business thus the annual value is not assessable u/s 22

**Q1: PM Pg 29**

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		<u>Mumbai</u>	<u>Chennai</u>	
	GAV	-	-	
<b>Less :</b>	Municipal Taxes	-	-	
	NAV	-	-	
<b>Less :</b>	24 (a) 30% of NAV	-	-	
	24 (b) Interest	-99,000	-30,000	
		<u>-99,000</u>	<u>-30,000</u>	-1,29,000

<b>Total Income from HP of X for PY</b>	
Mumbai house	-99,000
Chennai house	<u>-30,000</u> loan before 01/04/99
<b>Net Loss from House Property</b>	<b>-1,29,000</b>

**From PY 2019-20 an assessee can claim 2 SO houses with NAV - Nil. In this case the total deduction of interest cannot exceed 2 lacs**

**WN1:** 24(b) No pre completion interest and since loan is not yet repaid post Completion interest =  $11,00,000 \times 9\% = 99,000$

Since all conditions are satisfied Max. deduction can be 2,00,000 allowed u/s 24 (b) : 99,000

**WN2:** 24(b)  $7,00,000 \times 11\%$

**Since Loan is for Repair the deduction will be restricted to a Maximum of 30,000**

**Post Completion.**  $7,00,000 \times 11\% = 77,000$

Ans.

	FACTORY BUILDING				
	House I Self Occupied	House II DLO	UNIT I LO	UNIT II LO	UNIT LO
Gross Annual Value WN1	-	1,20,000	97,778	1,95,556	1,52,250
Less : Municipal taxes WN2 paid by the owner during the PY	-	-3,500	-5,334	-10,666	-8,000
Net Annual Value	-	1,16,500	92,444	1,84,890	1,44,250
Less : deductions					
Sec 24(a): 30% of NAV	-	-34,950	-27,733	-55,467	-43,275
Sec 24(b): Interest WN3	-30,000	-45,000	-	-	-
<b>Income from House Property for the current PY</b>	<b>-30,000</b>	<b>36,550</b>	<b>64,711</b>	<b>1,29,423</b>	<b>1,00,975</b>

**Working Notes :**

**WN 1 : Computing the Gross annual value**

	House I	House II	UNIT I	UNIT II	UNIT III
Expected rent : (a)		1,20,000	97,778	1,95,556	1,46,667
Actual rent	-	-	30,000	1,68,000	1,74,000
Less Vacancy / UR			2,500		-21,750
ARR			= 27,500		
	-	1,20,000	97,778	1,95,556	1,52,250
GAV u/s 23(1)(a)		1,20,000	97,778	1,95,556	
GAV u/s 23(1)(b)	-				1,52,250

**WN2 :** the municipal value and the municipal tax will be divided amongst the three portions on the basis of floor area.

**WN3 :** Interest on loan for self occupied house will be restricted to ` 30,000.

	<u>House 1</u>
	<u>LO</u>
GAV	2,25,000
Less: Municipal taxes paid by the owner during the PY	-11,500
NAV	2,13,500
Less: Deduction	
Sec 24(a)	-64,050
Sec 24(b)	-87,500
<b>Income from House Property</b>	<b>61,950</b>

**WORKING NOTES:****WN1: COMPUTATION OF GAV**

Expected rent (a)	2,25,000
De facto rent for full year	1,84,800
vacancy	-30,800
De facto rent realised (b)	1,54,000
GAV as per Sec 23(1)(a)	2,25,000
<b>GAV FOR THE HOUSE</b>	<b>2,25,000</b>

	<b>Factory</b>		
	<u>3/4th</u>	<u>1/4th</u>	
	<u>ABC Ltd</u>	<u>RM Associates</u>	
GAV	5,40,000	1,75,000	
Less: Municipal taxes paid by the owner during the PY	-	-	
NAV	5,40,000	1,75,000	
Less: Deduction			
Sec 24(a)	-1,62,000	-52,500	
Sec 24(b)	-72,914	-24,305	
<b>Income from House Property</b>	<b>3,05,086</b>	<b>98,195</b>	<b>TOTAL 4,03,281</b>

**WORKING NOTES:****WN1: COMPUTATION OF GAV**

Expected rent (a)	5,25,000	1,75,000	7,00,000	
De facto rent for full year	5,40,000	1,44,000		
Unrealised rent	-	-	-	months
De facto rent realised (b)	5,40,000	1,44,000		
(a) or (b) whichever is higher	5,40,000	1,75,000		
Less: De facto rent lost because of Vacancy	-	-	-	months
<b>GAV FOR THE HOUSE</b>	<b>5,40,000</b>	<b>1,75,000</b>		

**WN2: Interest on loan taken**

	<u>Loan 1</u>	<u>Loan 2</u>	
DOB	01/01/2017	01/06/2021	
DOCC	01/02/2018		
DOR	-	-	
purpose	Cosntruction	repair	
Amount	12,00,000	45,000	
rate	7.5%	7.25%	
Months		10	
<u>interest</u>			
pre	01/01/17-31/3/17	4,500	-
post		90,000	2,719
Total		94,500	2,719
			97,219

Pre completion period months

-

	<u>Ground Floor</u>	<u>1st Floor</u>	
	<u>25%</u>	<u>50%</u>	
	<u>SO</u>	<u>LO</u>	
GAV	-	60,000	
Less: Municipal taxes paid by the owner during the PY	-	-720	7200
NAV	-	59,280	
Less: Deduction			
Sec 24(a)	-	-17,784	
Sec 24(b)	-	-	
<b>Income from House Property</b>	-	<b>41,496</b>	<b>TOTAL 41,496</b>

**WORKING NOTES:**

**WN1: COMPUTATION OF GAV**

Expected rent (a)	-	35,000	
De facto rent for full year	-	60,000	
vacancy	-	-	-
De facto rent realised (b)	-	60,000	
GAV as per Sec 23(1)(b)	-	60,000	
<b>GAV FOR THE HOUSE</b>	-	<b>60,000</b>	

Note: X is the deemed owner as per Sec 27(i)

Municipal Tax		
For let out portion	3,600	7200/2
Paid by tenant	2,880	7200x40%
Paid by Land lord	720	

	<u>Unit 1</u>	<u>Unit 2</u>	<u>Unit 3</u>	
	<u>SO</u>	<u>LO</u>	<u>LO &amp; SO</u>	
GAV	-	1,12,500	1,54,000	
Less: Municipal taxes paid by the owner during the PY	-	-4,000	-4,000	12,000
NAV	-	1,08,500	1,50,000	
Less: Deduction				
Sec 24(a)	-	-32,550	-45,000	
Sec 24(b)	-42,533	-42,533	-42,533	
<b>Income from House Property</b>	<b>-42,533</b>	<b>33,417</b>	<b>62,467</b>	<b>TOTAL 53,350</b>

**WORKING NOTES:**

**WN1: COMPUTATION OF GAV**

				ownership months	
Expected rent (a)	1,12,500	1,12,500	1,12,500	7.5	5,40,000
De facto rent for full year vacancy	-	90,000	1,54,000		
	-	-36,000	-	-	months
De facto rent realised (b)	-	54,000	1,54,000		
<b>GAV FOR THE HOUSE Sec 23(1)(a)</b>	-	<b>1,12,500</b>			
<b>GAV FOR THE HOUSE Sec 23(1)(b)</b>			<b>1,54,000</b>		

**WN2: Interest on loan taken**

	House			
DOB	01/01/2018			
DOCC	15/08/2021			
DOR	-			
purpose	Cosntruction			
Amount	11,00,000	Unit 1	42,533	within 5 years
rate	8%	Unit 2	42,533	
<u>interest</u>		Unit 3	42,533	
pre	55,600			
post	72,000	[900,000 x 8%]		
Total	1,27,600			
<u>Pre completion period</u>	months			
<u>House</u>			outstanding amount	
01/01/2018 to 31/03/2018	3	22,000	11,00,000	
01/04/2018 to 31/03/2019	12	88,000	11,00,000	
01/04/2019 to 31/03/2020	12	88,000	11,00,000	
01/04/2020 to 31/03/2021	12	80,000	10,00,000	
		<u>2,78,000</u>		
Allowed over 5 years		55,600		

**CASE A: Assuming the residential house in Gurgaon to be Self occupied and Chandigarh house to be deemed let out**

	Delhi LO	Gurgaon SO	chandigarh SO	Unit 1	Factory in Gurgaon			Unit 4	
					Unit 2	Unit 3			
GAV	1,15,000	-	-	1,80,000	2,20,000	2,40,000	2,40,000		
Less: Municipal taxes paid by the owner during the PY	-11,100	-	-	-1,150	-1,150	-1,150	-1,150		
NAV	1,03,900	-	-	1,78,850	2,18,850	2,38,850	2,38,850		
Less: Deduction Sec 24(a)	-31,170	-	-	-53,655	-65,655	-71,655	-71,655		
Sec 24(b)	-	-5,000	-	-19,375	-19,375	-19,375	-19,375		
<b>Income from House Property</b>	<b>72,730</b>	<b>-5,000</b>	<b>-</b>	<b>1,05,820</b>	<b>1,33,820</b>	<b>1,47,820</b>	<b>1,47,820</b>	<b>TOTAL 6,03,010</b>	

**WORKING NOTES:**

**WN1: COMPUTATION OF GAV**

Expected rent (a)	1,11,000	-	-	2,09,250	2,09,250	2,09,250	2,09,250	
De facto rent for full year	1,15,000	-	-	2,40,000	2,40,000	2,40,000	2,40,000	
Unrealised rent					-20,000			
Vacancy	-	-	-	-60,000	-	-	-	0
De facto rent realised (b)	1,15,000	-	-	1,80,000	2,20,000	2,40,000	2,40,000	
GAV as per Sec 23(1)(b)	1,15,000	-	-		2,20,000	2,40,000	2,40,000	
GAV as per Sec 23(1)(a)								0
GAV as per Sec 23(1)©				1,80,000				
<b>GAV FOR THE HOUSE</b>	<b>1,15,000</b>	<b>-</b>	<b>-</b>	<b>1,80,000</b>	<b>2,20,000</b>	<b>2,40,000</b>	<b>2,40,000</b>	

**WN2: Interest on loan taken**

	Gurgaon			
DOB	01/01/2010			
DOCC	15/03/2009			
DOR				
purpose	Cosntruction			
Amount	10,00,000			
rate	10%			
interest				
pre( 5 years have lapsed)	-			
		9	60,000	8,00,000
		3	17,500	7,00,000
post	77,500		77,500	
Total	77,500			



**SITUATION 1**

	House I	House II		
	<u>SO</u>	<u>UNIT I</u> <u>30% SO</u>	<u>UNIT II</u> <u>LO</u>	
GAV	-	-	2,90,000	
Less: Municipal taxes paid by the owner during the PY	-	-	-21,000	• 30000
NAV	-	-	2,69,000	
Less: Deduction				
Sec 24(a)	-	-	-80,700	
Sec 24(b)	-30,000	-16,875	-39,375	
<b>Income from House Property</b>	<b>-30,000</b>	<b>-16,875</b>	<b>1,48,925</b>	<b>TOTAL</b>
<b>Unrealised rent recovered</b>				<b>15,400</b>
<b>Income from House Property</b>				<b>1,17,450</b>

**WORKING NOTES:****WN1: COMPUTATION OF GAV**

Expected rent (a)	2,58,000	66,000	1,54,000
De facto rent for full year	-	-	2,90,000
Vacancy/UR	-	-	-
De facto rent realised (b)	-	-	2,90,000
GAV as per Sec 23(1)(a)	2,58,000	66,000	2,90,000
	-	-	-
<b>GAV FOR THE HOUSE</b>	<b>nil</b>	<b>nil</b>	<b>2,90,000</b>

**WN2: Interest on loan taken**

	HOUSE I	HOUSE II
DOB	01/07/2021	01/04/2016
DOCC	-	10/01/2015
DOR	15/04/2022	-
purpose	repair	construction
Amount	7,00,000	5,00,000
rate	10%	11.25%
<u>interest</u>		
pre	-	-
post	52,500	56,250
Total	52,500	56,250



	<u>House I</u>	<u>House II</u>	
	<u>SO</u>	<u>LO</u>	
GAV	-	69,000	
Less: Municipal taxes paid by the owner during the PY	-	-4,000	
NAV	-	65,000	
Less: Deduction			
Sec 24(a)	-	-19,500	
Sec 24(b)	-30,000	-7,188	<b>TOTAL</b>
<b>Income from House Property</b>	<b>-30,000</b>	<b>38,313</b>	<b>8,313</b>

**WORKING NOTES:**

**WN1: COMPUTATION OF GAV**

Expected rent (a)	-	72,500
De facto rent for full year	-	87,000
vacancy	-	-18,000
De facto rent realised (b)	-	69,000
GAV as per Sec 23(1)©	-	69,000
<b>GAV FOR THE HOUSE</b>	<b>-</b>	<b>69,000</b>

**WN2: Interest on loan taken**

	<u>HOUSE I</u>	<u>HOUSE II</u>		
<u>Loan PNB</u>				
DOB	01/06/98	01/04/19		
DOCC	10/12/15	10/06/19		
DOR	01/06/07	15/03/20		
purpose	construction	purchase		
Amount	5,00,000	1,00,000		
rate	12%	7.5%		
<u>interest</u>				
pre	1,08,000	-	98-99	50,000
post	-	7,188	99-00	60,000
Total	1,08,000	7,188	00-01	60,000
Max	30,000		01-02	60,000
<u>Loan HDFC</u>			02-03	60,000
			03-04	60,000
			04-05	60,000
DOCC	10/12/15		05-06	60,000
			06-07	60,000
DOB	01/06/07		07-08	10,000
purpose	construction			5,40,000
Amount	5,00,000			
rate	8%		07-08	33,333
<u>interest</u>			08-09	40,000
pre	62,667	01/06/07 to 31/03/15	09-10	40,000
post	40,000	500000 x 8%	10-11	40,000
Total	1,02,667		11-12	40,000
Max	30,000		12-13	40,000
			13-14	40,000
			14-15	40,000
				3,13,333
Deduction allowable	30,000			