

INCOME FROM HOUSE & PROPERTY.

Steps:-

1. Annual Letting Value [ALV]

i a. FMV [^{Market}Fair Money Value.]

b. MV [Municipal Value] ↑

ii) i or Standard Rent [SR] ↓

2 Actual Rent OR 1(ii) & ↑ = GAV

3. Less:- Municipal Taxes actually paid.

4. Net Annual Value [NAV]

5. Less:- Standard Deduction @ 30% of NAV
Less:- Interest.

6. Income from House Property

LOP → Let out Property.

SOP → Self occupied Property.

ALV → 0; AR → 0; Municipal Tax → 0;

NAV → 0; Std. Deduction → 0.

Interest → (-ve)

∴ Income → (-ve).

Deemed LOP [DLop]

Business Property: No Income from House Property
and ∴ not taxable as income from house property.

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LECTURE # 4

14/07/2015.

ALU

Actual Rent Less: Unrealized Rent

GRAV

Less: Municipal Taxes Paid

NAV

Less: Std. Deduction @ 30% NAV

Interest

Add: Unrealized Rent of earlier years.

Add: Arrears of Rent

Less: 30% Std. deduction.

VLOP

Actual Rent Less: Unrealized Rent.

GRAV

Less: Vacant Property Rent

Less: Municipal Taxes Paid

NAV

Less: Std. Deduction @ 30% of NAV

Interest

Add: Unrealized Rent of Earlier Rent

Add: Arrears on Rent

Less: 30% Std. deduction.

SOP

Loan Prior to 1.4.99

- Interest is only 30,000/-

After 1.4.99

Repair (Rs. 30,000)

Purchase / construction (Rs. 2,00,000)

(13)

Year 1 :	Income from SOP	[2,00,000]
	Salary	<u>1,00,000</u>
	Taxable Income	(1,00,000)
Year 2 :	Income from SOP	(2,00,000)
	Salary	<u>3,00,000</u>
	Taxable Income	1,00,000
Year 3 :	Income from LOP	5,00,000
	Income from SOP	(2,00,000)
	Loss on Business	<u>(1,00,000)</u>
		2,00,000
	Less: BIF Loss	<u>1,00,000</u>
	Taxable Income	(1,00,000)

Sum on Income from House Property:
Mr. A has foll. properties during FY 2014-15

	LOP	SOP ₁	SOP ₂	used for Business
Fair Market Value	50000	70000	75000	1,00,00
Municipal Value	60000	65000	88000	9000
Standard Rent	55000	75000	80000	1,10,00
Actual Rent Received	70000	-	-	-
Municipal Taxes paid by Mr. A for FY 2012-13	5000	10% of MV	10000	10,000
Municipal Taxes paid by Mr. A for FY 2011-12	2000	2000	2000	2000
Interest on Loan Taken for Repairs	50000	50000	-	-
Interest on Loan Taken for construction of property	-	-	160000	-
Unrealized Rent of FY 11-12, Realized in 12-13	5000	-	-	-

Annuity of Rent Received 7000 - - -
in FY 2012-13

Additional Expenditures:

1. Repairs of LOP - Rs. 5000
2. Fire Insurance Premium - Rs. 2000
3. Collection Expense - Rs. 3000
4. Land Revenue - Rs. 1000
5. Interest of Rs. 20000 was paid on loan raised by mortgaging LOP. LOP was utilized for purchase of a plot of land which A intends to construct 5th House
6. Legal charges to recover unrealized rent - Rs 1000

Compute Mr. A's income from house property for FY 2014-15.

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Working Note:

	SOP 1 [if treated as LOP]	SOP 2 [if treated as LOP]
ALV	70,000	80,000
Actual Rent	0	0
GAV	70,000	80,000
Less: Municipal Taxes	(8500)	(12000)
NAV	61500	68000
Less: Std. deduction @ 30%	18450	20400
	43050	47600
Less Interest	50000	160000
	(6950)	(112400)
	<u>80P</u>	<u>DLOP</u>

Note: Lower positive or Higher Negative is DLOP

if positive values : $\uparrow = \text{SOP}$, $\downarrow = \text{DLOP}$

if negative values : $\uparrow = \text{DLOP}$ $\downarrow = \text{SOP}$

	LOP	SOP	DLOP	Busine
→ ALV	55000		80000	
→ Actual Rent	70000		0	No
Less: Unrealized Rent				Incom
→ GAV	70000		80000	from
Less: Municipal Tax Paid	-7000		12000	House
NAV	63000	0	68000	Propert
Less: Std. deduction @ 30% of NAV	18900	0	20400	
Interest	50000	30000	160000	
Add: Unrealized Rent of earlier years				
Add: Arrears of Rent				
Less: 30% Std. deduction				
	(5900)	(30000)	(112400)	(0)
	(A)	(B)	(C)	(D)

$$\therefore \text{Loss from House Property} = A + B + C + D$$

$$= \underline{\underline{148300}}$$