

CHAPTER 5

INCOME FROM HOUSE PROPERTY

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Income is taxable under the “Income from House property” if the following 3 conditions are satisfied.

- 1)The property must consist of **buildings and lands appurtenant** thereto.
- 2)The assesses must be the **owner** of such house property.
- 3)The property may be used for any purpose but should **not be used by the owner for the purpose of any business or profession carried on by him**, the profits of which are chargeable to tax.

DEEMED OWNERSHIP

According to sec 27, an individual shall be treated as owner of the property even though he/she is not actual owner of the property.

1. Transfer to a spouse
2. Transfer to a minor child
3. Member of co-operative society
4. company or other association of persons

EXEMPTED INCOME FROM HOUSE PROPERTY

1. Income from agriculture properties used as store house.
2. Income from house properties held for charitable purpose.
3. Income from one self-occupied property.
4. Annual value of any one house property of an ex-ruler
5. Income from property owned by local authorities
6. Income from properties owned by universities, colleges, political parties.

TYPES OF PROPERTIES

- **LET OUT PROPERTY (L.O.P)**
- **SELF OCCUPIED PROPERTY (S.O.P)**
- **DEEMED TO BE LET OUT PROPERTY (D.LOP)**
Assess occupies more than one property for his self occupation.
- **PARTLY SELF OCCUPIED AND PARTLY LET OUT**

- **MUNICIPAL RENTAL VALUE (MRV):**

It refers to the rental value of the house property fixed by the municipal authorities.

- **FAIR RENTAL VALUE (FRV):**

It refers to the rental value of the house property fixed by the local authority.

- **ANNUAL RENTAL VALUE (ARV) / DE – FACTO RENT / COMPOSITE RENT:**

Rent received by the owner of the house property. Rent also include facilities like water, electricity, garden maintenance and security.

UNREALIZED RENT

Unrealised rent refers to the rent that the owner was not able to collect from tenant.