



# RAMA UNIVERSITY

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**FACULTY OF COMMERCE AND MANAGEMENT**

**COURSE: B.COM III SEM.**

**SUBJECT: Direct Tax Laws and Practice**

**SUBJECT CODE: BCH 302**

**LECTURE: 13**

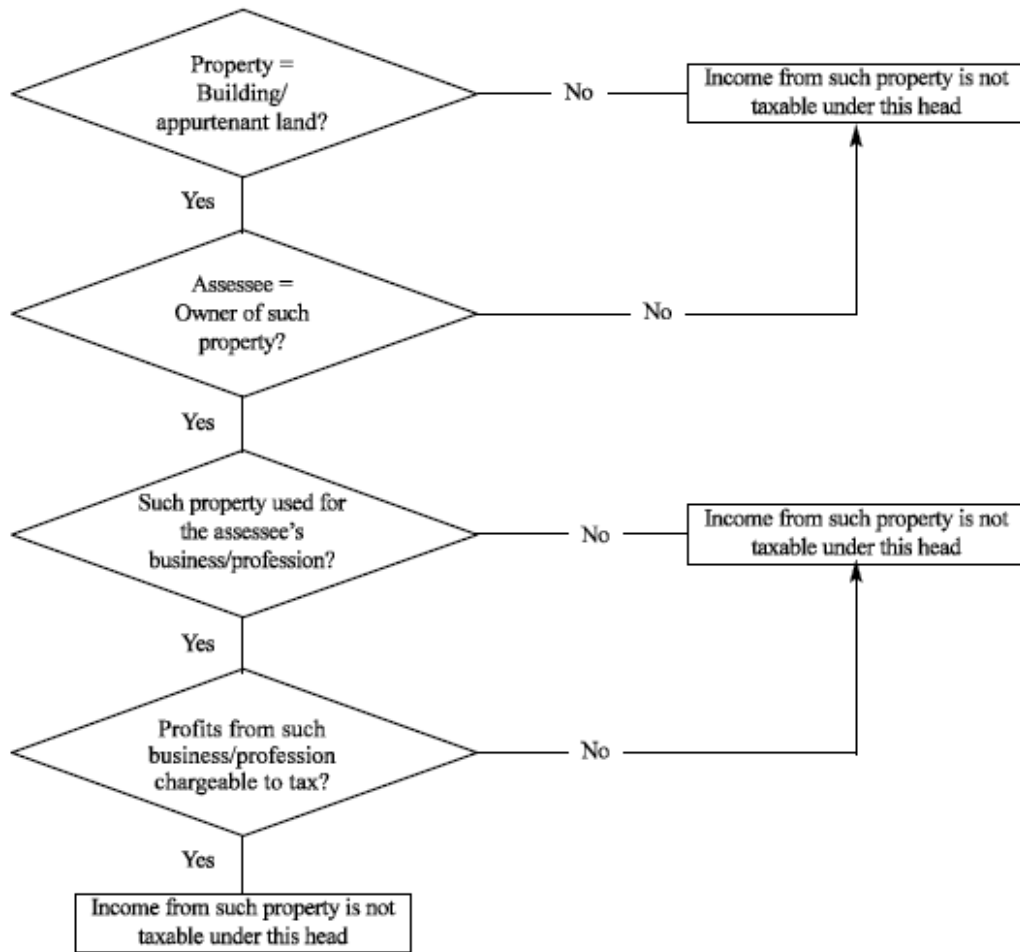
**NAME OF FACULTY: DR. PALASH BAIRAGI**

## LECTURE-13



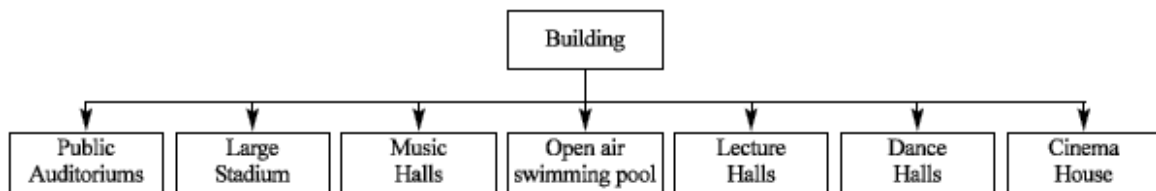
## INCOME FROM HOUSE PROPERTY

### D) Basic conditions for assessing (charging) an income under this head



#### Note: A. Building/Apartment - Issues

##### 1) Building / Appurtenant Land :



2) Existence of roof-not necessary.

3) Incomplete house or house which is in ruins without roof and without doors ? building.

Something added to another, more important thing: an appurtenant

**INCOME FROM HOUSE PROPERTY(SECTION 22 – 27)**

| PARTICULARS  | SECTION |
|--|---------|
| BASIS OF CHARGES                                     | 22      |
| ANNUAL VALUE   | 23      |
| DEDUCTION  | 24      |
| INTEREST ON BORROWED CAPITAL (PAYABLE OUTSIDE INDIA) | 25      |
| RECOVERY OF UNREALIZED RENT                          | 25AA    |
| ARREAR OF RENT RECEIPT                               | 25b     |
| CO-OWNERSHIP   | 26      |
| DEEMED OWNER   | 27      |

| Heads of Income Description | House Property  |     |
|-----------------------------|---|-----|
| What is Taxable             | Annual Value of building and land appurtenant thereto of the owner and deemed owner-Sec-22,25AA,25B,&27 |     |
| When it is Taxable          | The previous year in which the assesses is the owner of the property                                    |     |
|                             | Except Arrear of rent and Unrealized rent year of receipts-Sec-25B, and Sec 25AA                        |     |
| How much taxable            | Gross Annual Value  | Xxx |
|                             | Less: Municipal tax paid  | xxx |
|                             | Net Annual Value  | XXX |
|                             | Less: Deduction U/s 24  |     |
|                             | a) 30% of NAV   | xxx |
|                             | b)Interest on borrowed Capital  | xxx |
|                             | Add: 70%Arrears of rent received 25B  | xxx |
|                             | Add: Unrealized rent received- Sec 25AA   | xxx |
|                             | Taxable income  | XXX |
| Rate at which it is taxable | Normal Rate   |     |

**BASIC CONDITION:SEC-22**

- 1) There must be a property consisting of any building or land appurtenant thereof
- 2) Assessee should be the owner (including the deemed owner)
- 3) Such property should not be used for the purposes of any assessable business or profession carried on by the Assessee.

- 4) Annual value of the property is assessed to tax only in the hands of the owners
- 5) Sub letting is taxable as business income or as income from other sources
- 6) Owner includes legal owner, beneficial owner and deemed owner
- 7) Income from house property is the only head of income which is chargeable to tax only notional basis.