

computation of deduction v/s 24(b)

Apurna Dimple

Net Annual Value (NAV)

e) standard Dedⁿ - @ 30% of NAV

$$(200000)(200000)$$

WNI :- ~~Ms Apart~~ Interest on loan

A diagram of a horizontal beam supported at both ends by vertical pins. A single vertical arrow points downwards from the center of the beam, representing a point load.

250000

Ms Dimple

Interest on loan taken for acquisition of residential property (50%)

Restricted to

200000

$$300000 \times 12\%$$

36000

Restricted to

30000

Total Interest: 200000 (dedn u/s 24(b))

Interest on loan taken for acquisition of

Residential Property (50%)

250000

Restricted to

200000

Total Interest : 200000 [ded'n v/s 24(b)]

— Sec 27 :- Deemed owner

1) If any Individual transfer house property to him / her spouse for without consideration or low consideration then such individual is treated as deemed owner of such property.

Exception :- Transfer in connection of live Apart

2) If any person is a member or shareholder of any co-operative society then he is treated as deemed owner of House property of such society.

3) If any individual transfer any House Property to minor child without consideration or low consideration then such individual is treated as deemed owner.

Exception :- Transfer to minor married daughter

4) In case of immovable property if possession of acquired in part performance of contract then assessee is treated as deemed owner from the day on which he obtain possession.

5) If any House Property is acquired under long term lease [12 years or more] then acquirer is treated as deemed owner.

6) Holder of impartible estate — It means property which is not legally divisible. The main holder of impartible estate shall be treated as deemed owner.

--- Additional Notes ---

Where the House property ^{is} held as stock in trade and not let out during the PY. The NAV of that property shall be treated as NIL for the period of 2 yrs from the end of financial years in which construction was completed.

Eg:- Rohan builder completed construction of house on 19th July 2024. In this case if house property is not let out then the NAV of the house property shall be treated as NIL till 31st March 2027. From PY 27-28 this house property is treated as DOP and will be taxable under House property.

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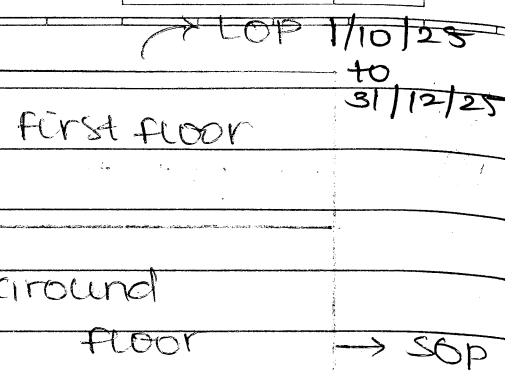
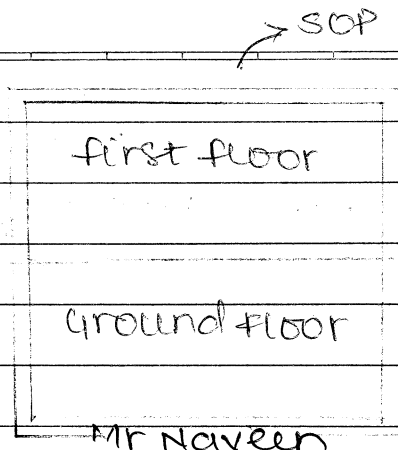
Mrs Daya

PY 25-26 AY 26-27

computation of Income from House Property

Particulars	LOP
↑ Municipal Value	850000
↑ Fair Rent	730000
↓ Whichever is Higher	850000
↓ Standard Rent	820000
↑ Expected Rent	820000
↑ Actual Rent	765000
Gross Annual Value	820000
(-) Municipal Taxes Paid	(102000)
Net Annual Value	718000
(-) Deduction u/s 24	
a) standard deduction @ 30% of NAV	(215400)
b) Interest on loan	(50000)
IFHP	452600

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Mr Naveen
 con started:- 1/4/23
 con. ended:- 1/4/25

Mr. Vikas
 con started:- 1/4/23
 con. ended:- 30/9/25

Part A:- Computation of Income from House Property
 in case of Mr Naveen (SOP)

PY 25-26 AY 26-27

Particulars	₹ (SOP)
Net Annual Value	NIL
(-) Deduction u/s 24	
a) standard deduction 30% of NAV	NIL
b) Interest on loan	(200000)
IFHP	(200000)

Note 1:-

Interest on loan		Pre construction Interest
		360000
PY 23 - 24	$1500000 \times 12\% =$	180000
PY 24 - 25		180000
× PY 25 - 26		180000
		+ 72000
		↓
		252000

Max:- Interest
 allowed 200000

1/10/25 to 31/3/26
 $72000 \times \frac{6m}{12m}$

Part B:- In hands of Mr. Vikas

Particulars	SOP Gr floor	LDP first floor
↑ Municipal Value	—	→ 36000
↑ fair Rent	—	50000
↓ whichever is Higher	—	50000
↓ standard Rent	—	—
↑ Expected Rent	—	50000
↑ Actual Rent	—	60000
Gross Annual value	—	60000
(-) Municipal Taxes paid	—	(4000)
Net Annual value	—	56000
(-) Deduction u/s 24		
a) standard Deduction 30% of NAV	—	(16800)
b) Interest on loan	(67500)	(67500)
IFHP	(67500)	(28300)
NIFHP		(95800)

Interest on loan		Pre construction Interest	
PY 23-24	$1000000 \times 10\% \times 9/12 = 75000$	175000	
PY 24-25	$1000000 \times 10\% = 100000$	2	
x PY 25-26	$1000000 \times 10\% = 100000 + 35000$		
		135000	
	67500 (SOP)		67500 (LDP)

Note:- If any property is acquired in the middle of the year or construction completed in between the year then Municipal value / fair rent / standard Rent considered only from the date when Assessee become owner or construct is completed. Municipal taxes are allowed on payment bases so taxes paid whether advance / prepaid are allowed as deduction

Notes:-

- 1) If Assessee pays Tax as per default taxation regime u/s 115BAC then Interest on loan u/s 24(b) in respect of SOP (200000/30000) not allowed to Assessee.
- 2) SOP exemption (2 SOP) available only in case of Individual and HUF.
- 3) Municipal Taxes paid to foreign Municipality also allowed as deduction in case of Resident and ordinarily Resident.
- 4) Interest for the year in which property acquired or constructed is fully allowed irrespective of date of acquisition or construction.
- 5) If Buyer acquire property and enter into agreement with the seller to pay consideration in Installment. The remaining amount of Installment shall be treated as loan and if any interest is paid on such o/s amount it shall be allowed as deduction u/s 24(b).

RESIDENCE AND SCOPE

OF TOTAL INCOME

— Total Income of Assessee cannot be determined without knowing his Residential status. If any person become Resident in India, then his global income (Indian + foreign) shall be taxable in India. If any person become Non Resident in India then only Indian income shall be taxable for that person.

Residential status shall be determined for every year.

(A) Residential status of Individual

Basic conditions as per sec 6(1)

1) Stay in India for 182 days or more in PY (current PY)

PY 25-26

OR

2) Stay in India for 60 days or more in previous year

AND

365 days or more in last 4 PY's.

Additional conditions sec 6(6)

1) Resident for 2 PY or more in last 10 PY's

Previous

2) Stay in India for 730 days or more in last 7 years.

- If any Individual satisfies any one basic condition then he is treated as Resident in India otherwise Non Resident in India.
- If any Individual become Resident in India then we have to check that such person is Resident and Ordinarily Resident (R-OR) or Resident but Not Ordinarily Resident (R-NOR)
- If such Individual satisfy both the addition condition he is treated as (ROR) otherwise (RNOR).

Note:- While calculating No of days stay in India, The day on which Individual enter in India as well as the day ^{on which} he leaves India shall be considered as stay in India.

Eg:- Mrs Bua

→ Days	comes in India	leaves India
107	14/2/25	16/7/25
45	13/12/25	26/1/26
27	19/2/26	17/3/26
2	30/3/26	27/4/26
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compute No. of days stay in India (PY 25-26)

Eg 2:- Mr Green

days	comes in India	leaves India
60	16/7/25	14/9/25
5	23/9/25	27/9/25
18	12/12/25	29/12/25
46	31/12/25	14/2/26
32	28/2/26	17/7/26
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Eg 3:- Mr Ben Stokes

comes in India for 200 days.

16/12/25

calculate no of days stay in India

→ 106 days

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Mr. Lee

PY 25-26 AY 26-27

Part a(i) determine Residential status if he stays 100 days every year.

Particulars	No. of days	Satisfied / Not satisfied
Basic conditions		
(i) Stay in India for 182 days or more in PY	100 days	Not satisfied
<u>OR</u>		
(ii) Stay in India for 60 days or more in PY	100 days	→ Satisfied
<u>AND</u>		
365 days or more in last 4 PY's	400 days	
Additional conditions		
(i) Resident in India for 2 PY's or more in last 10 PY's	yes	Satisfied
<u>And</u>		
(ii) Stay in India for 730 days or more in last 7 PY's	700	Not satisfied

Conclusion = Since Mr Lee satisfied Basic condition but he could not satisfy both the additional conditions so he is treated as Resident but Not Ordinarily Resident.