

EKATVAM ACADEMY
TEST PAPER 5 HOUSE PROPERTY
CA/CMA INTER (25 Marks)

QUESTION 1 (5 Marks)

Ganesh has a property whose municipal valuation is ₹ 2,50,000 p.a. The fair rent is ₹ 2,00,000 p.a. and the standard rent fixed by the Rent Control Act is ₹ 2,10,000 p.a. The property was let out for a rent of ₹ 20,000 p.m. However, the tenant vacated the property on 31.1.2025. Unrealised rent was ₹ 20,000 and all conditions were satisfied. He paid municipal taxes @ 8% of municipal valuation. Interest on borrowed capital was 65,000 for the year. Compute the income from house property of Ganesh for AY 2025-26.

QUESTION 2 (5 Marks)

Mr. Raman is a co-owner of a house property along with his brother holding equal share in the property.

| Particulars | ₹ |
|--|-------------|
| Municipal value of the property | 1,60,000 |
| Fair rent | 1,50,000 |
| Standard rent under the Rent Control Act | 1,70,000 |
| Rent received | 15,000 p.m. |

The loan for the construction of this property is jointly taken and the interest charged by the bank is ₹ 25,000, out of which ₹ 21,000 has been paid. Interest on the unpaid interest is ₹ 450. To repay this loan, Raman and his brother have taken a fresh loan and interest charged on this loan is ₹ 5,000.

The municipal taxes of ₹ 5,100 have been paid by the tenant.

Compute the income from this property chargeable in the hands of Mr. Raman for the A.Y. 2025-26.

QUESTION 3 (5 Marks)

Ganesh has three houses, all of which are self-occupied. The particulars of the houses for the P.Y. 2024-25 are as under:

| Particulars | House I | House II | House III |
|---|------------|------------|------------|
| Municipal valuation p.a. | ₹ 3,00,000 | ₹ 3,60,000 | ₹ 3,30,000 |
| Fair rent p.a. | ₹ 3,75,000 | ₹ 2,75,000 | ₹ 3,80,000 |
| Standard rent p.a. | ₹ 3,50,000 | ₹ 3,70,000 | ₹ 3,75,000 |
| Date of completion/purchase | 31.3.2000 | 31.3.2002 | 01.4.2016 |
| Municipal taxes paid during the year | 12% | 8% | 6% |
| Interest on money borrowed for repair of property during the current year | - | 55,000 | |
| Interest for current year on money borrowed in April, 2016 for purchase of property | | | 1,75,000 |

Compute Ganesh's income from house property for A.Y.2025-26 and suggest which houses should be opted by Ganesh to be assessed as self-occupied so that his tax liability is minimum.

QUESTION 4 (5 Marks)

Mr. Anand sold his residential house property in March, 2024.

In June, 2024, he recovered rent of ₹ 10,000 from Mr. Gaurav, to whom he had let out his house for two years from April 2018 to March 2020. He could not realise two months rent of ₹ 20,000 from him and to that extent his actual rent was reduced while computing income from house property for A.Y.2020-21.

Further, he had let out his property from April, 2020 to February, 2024 to Mr. Satish. In April, 2022, he had increased the rent from ₹12,000 to ₹ 15,000 per month and the same was a subject matter of dispute. In Sep, 2024, the matter was finally settled and Mr. Anand received ₹ 69,000 as arrears of rent for the period April 2022 to February, 2024.

Would the recovery of unrealised rent and arrears of rent be taxable in the hands of Mr. Anand, and if so in which year?

QUESTION 5 (5 Marks)

Poorna has one house property at Indira Nagar in Bangalore. She stays with her family in the house. The rent of similar property in the neighbourhood is ₹ 25,000 p.m. The municipal valuation is ₹ 2,80,000 p.a. Municipal taxes paid is ₹ 8,000. The house construction began in April 2018 with a loan of ₹ 20,00,000 taken from SBI Housing Finance Ltd. @9% p.a. on 1.4.2018. The construction was completed on 30.11.2020. The accumulated interest up to 31.3.2020 is ₹ 3,60,000. On 31.3.2025, Poorna paid ₹ 2,40,000 which included ₹ 1,80,000 as interest. There was no principal repayment prior to this date. Compute Poorna's income from house property for A.Y. 2025-26 assuming that she has exercised the option of shifting out of default tax regime provided u/s 115BAC(1A).