Income From House Property

- Let out House property → LOP → IFHP
- Other Properties
  - Self occupied or Not occupied
    - Maximum 2 SOP's at option of Assessee → IFHP
    - Balance → Deemed Let-out Property → IFHP
  - Using for Business → PGBP

① Self occupied Property

Gross Annual value		Nil
Less: Municipal Taxes		Nil
	Net Annual value	Nil
Less: Std. ded. u/s 24(a)		Nil
Less: Interest on Loan [max. ₹30,000 / 2,00,000]		(XX)
	IFHP	(XX)

⇒ if Loan taken for Purchase / Construction of H.P. ⇒ max. 2,00,000

⇒ if Loan taken for Repairs / Renovation etc ⇒ max. ₹30,000

Note-: maximum limit of ₹30,000 / ₹2,00,000 is Per Person and Not Per SOP.

Let out House property

Gross Annual value [Note-1]	xxx
Less: municipal Taxes paid	(xx)
NAV	xx
Less: Std. ded. u/s 24(a) @ 30% of NAV	(x)
Less: Int. on Loan for H.P.	(xx)
	xx

Note-1 GAV (High Low High)

①	municipal value (P.a.)	xx	6,00,000
②	Fair Rent (P.a.)	xx	7,20,000
③		xx	7,20,000
④	Std. Rent (P.a)	xx	7,00,000
⑤	Expected Rent	xx	7,00,000
⑥	Actual Rent Received (P.a)	xx	2,40,000
	GAV		7,00,000

in case of DLOP, Expected Rent shall be GAV.

GAV	7,00,000
Less: M.T. paid	(1,00,000)
NAV	6,00,000
Less: Std. ded. @ 30% of NAV	(1,80,000)
Less: Int. on Loan for H.P.	(3,00,000)
IFHP	1,20,000

Profits and Gains of Business / Profession
(PGBP)

A) Direct method

Business / Professional (gross) Income	xx
Less: Ded u/s 30 to 37(1)	(x)
PGBP	xxx

B) Indirect method

N.P. as per P&L a/c	xx
Add: Exp. Disallowed (Dr. to P&L a/c)	xx
Less: Exp. allowed u/s 30 to 37(1) [unrecorded]	(xx)
Less: Non B/P Income (Cr. to P&L a/c)	(x)
Add: other B/P Income (unrecorded)	xx
PGBP	xxx

Eg.1 Mr. Vedu is Employee of RIL. He is getting Basic Salary of ₹ 50,000 p.m., DA ₹ 10,000 p.m. (60% is in terms of Retirement), HRA ₹ 20,000 p.m; Rent paid in Mumbai is ₹ 10,000 pm. Compute IFS of Mr. Vedu. T/O. Commission @ 0.1% on T/O of ₹ 1 cr.

Sol. Computation of IFS of Mr. Vedu for A.Y. 2023-24

Particulars		Amt
(1) Basic Salary (₹ 50,000 X 12)		6,00,000
(2) DA (₹ 10,000 X 12)		1,20,000
(3) T/o Commission (0.1% of ₹ 1 Cr)		10,000
(4) HRA Received (₹ 20,000 X 12)	2,40,000	
Less: Ex. [Note-1]	(51,800)	1,88,200
Gross Salary		9,18,200
Less: Std. ded.		(50,000)
IFS		8,68,200

Note-1

(i) HRA Received 2,40,000

(ii) Rent Paid − 10% of Salary*
[(10,000 X 12) − (10% of 6,82,000)] 51,800

(iii) 50% of 6,82,000 3,41,000

$\boxed{\text{Ex.} = 51,800}$

Salary*: B.S. 6,00,000
DA (60%) 72,000
T/o Comm 10,000
6,82,000

① Ded. u/s 30 to 37(1)

(i) u/s 30 Rent, Repairs, Insurance & Taxes on Building

↓

Building is used for Business

⇓

Allowed as Ded.

(ii) u/s 31 :- Repairs & Insurance on Plant & machinery and Furniture

⇓

P&M and Furniture used for Business

⇓

Allowed as Ded.

(iii) Sec. 32 Depreciation on Capital Assets

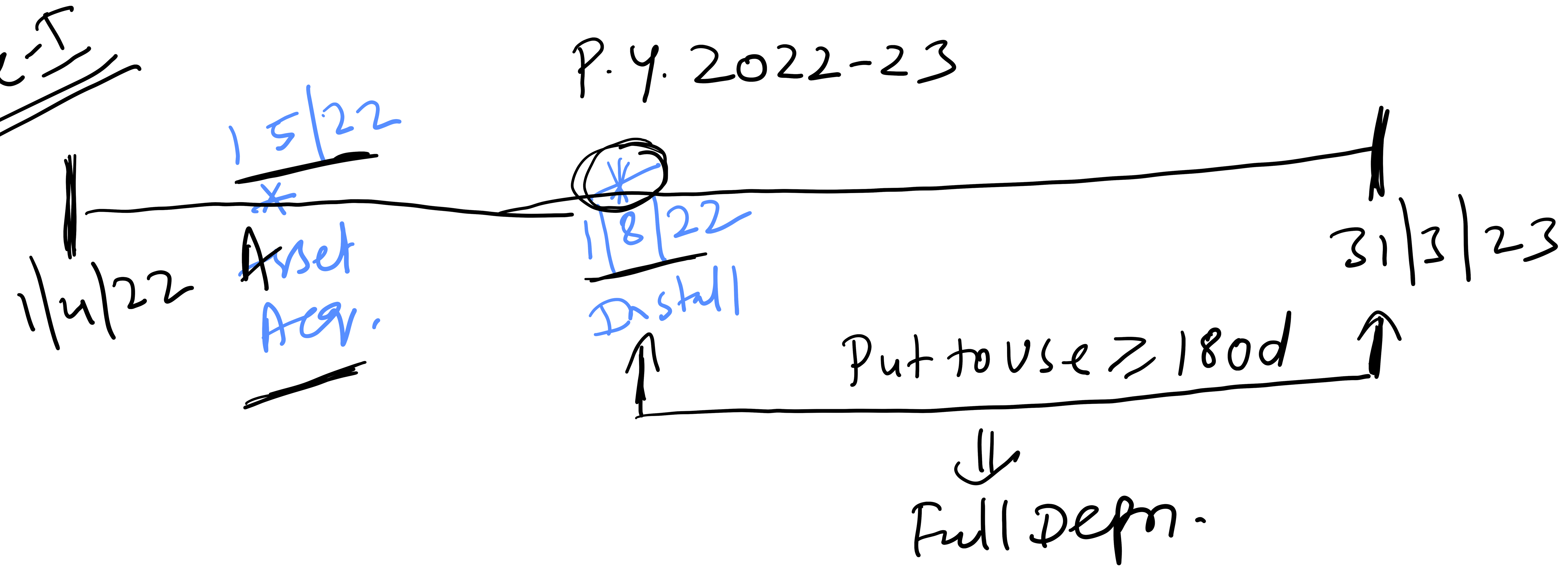
(A) Conditions

(a) Asset must be owned

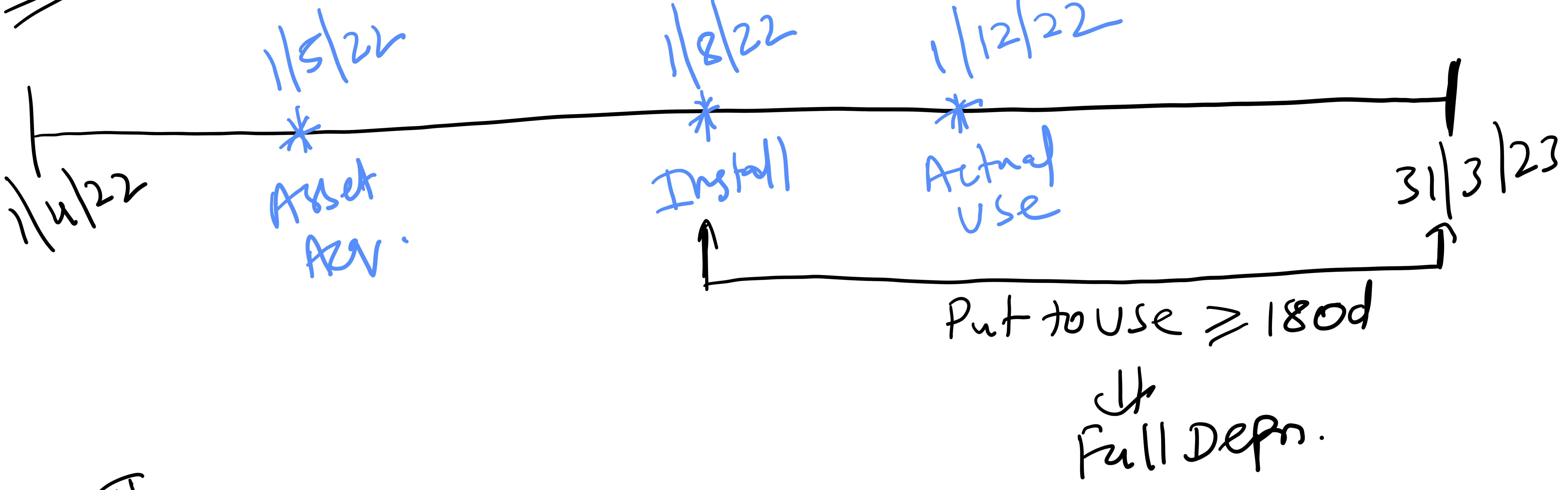
(b) Asset must be Put to Use for Business for 180d or more.

However, if it PTU for less than 180d, then Half Depn. shall be Allowed.

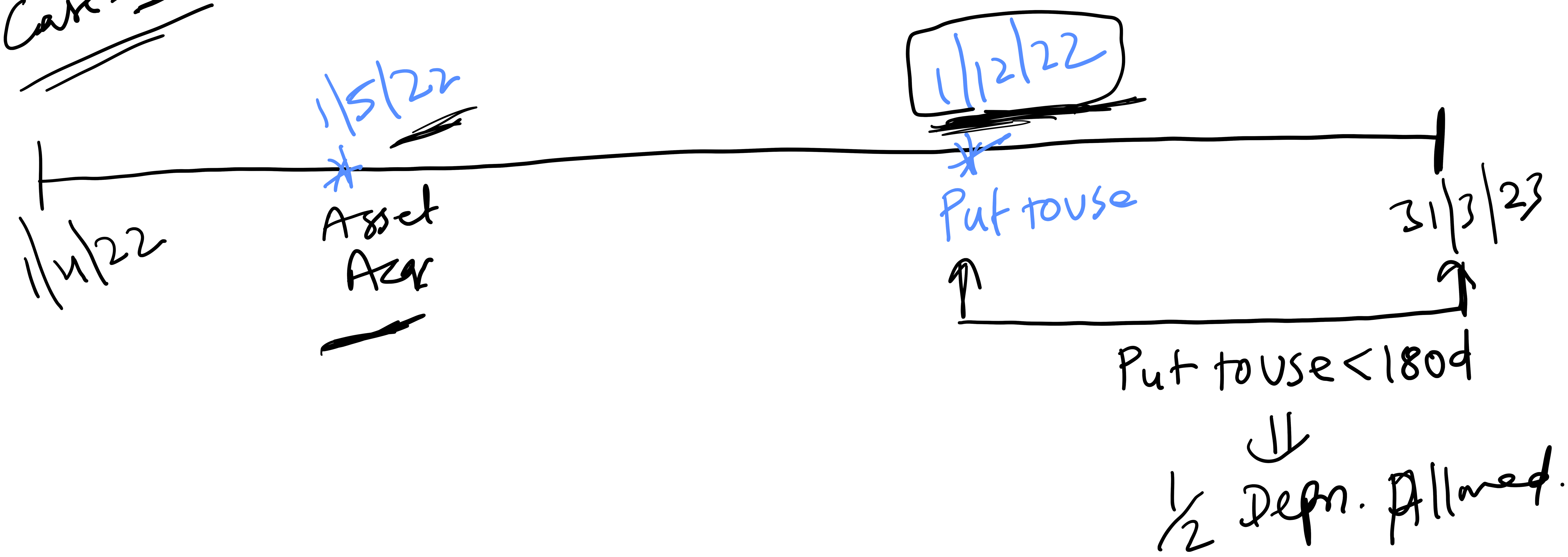
Case-I



Case-II



Case-III



(B) Methods of Depn.

- Written down value (WDV) ⇓ Mandatory for others
- Straight line method (SLM) ⇓ option only for Person Engaged in Power Business.

(C) System of Depn.

- Individual Asset system ↓ only for Power units Following SLM
- Block of Asset System. ↓ Mandatory for All Others.

[Block: Same class of Asset, having Same Rate of Dep.]

(D) Class of Assets

- Building
- Furniture
- Intangible Assets
- Plant & Machinery

(E) Amt. of Depn. under Block of Asset system.

Particulars	Nos.	Amt
Opening WDV as on 1/4/R.P.Y. [1/4/2022]	xx 3	xx 10,00,000
Add: Addition During the P.Y.		
[I] PTU ≥ 180d	xx 1	xx 1,00,000
[II] PTU < 180d	xx 2	xx 2,00,000
	xx 6	xxx 13,00,000
Less: Sale [at S.P.] (old) (Recovery of Cost)	(x) (1)	(xx) (50,000)
Clo. WDV Before Dep. on 31/3/2023	xx 5	xx 12,50,000

PTU < 180d

$2,00,000 \times 10\% \times 1/2$

$= 10,000$

Balance

$10,50,000 \times 10\%$

$= 1,05,000$

Total Dep. Allowed = ₹1,15,000

Clo. WDV as on 31/3/2023 = 12,50,000 − 1,15,000

= 11,35,000