

class - B Contn. Part II

Subject Income Tax

Topic - Gross Annual Value of house property

Section 23 - Income from house property is taxable on the basis of annual value.

Even if the property is not let out during the year or let out only for a part of the year, notional rent receivable is taxable @ its annual value.

Annual value of the house property is based on the following factors :-

(A) Actual Rent received or receivable - This is the actual rent received/receivable by the owner of the house property on letting the house property.

(B) Municipal Value - This is the value as determined by the Municipal authorities for levying Municipal Taxes on the house property.

(C) Fair Rent - fair rent is the rent which a similar property can fetch in the same or similar locality, if it is let out for a year.

(D) Standard Rent - The standard rent is fixed under the rent control Act. If the standard rent has been fixed for any property under the rent control Act, the owner cannot be expected to get a rent higher than the standard rent fixed under the rent control Act.

(E) Expected Rent - Expected rent is the higher value among municipal value and fair rent, subject to a maximum of standard rent.