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Rajput Jain & Associates is a Chartered Accountants firm, with its headquarter situated at New Delhi (the capital of India). The firm has been set up by a group of young, enthusiastic, highly skilled and motivated professionals who have taken experience from top consulting firms and are extensively experienced in their chosen fields has providing a wide array of Accounting, Auditing, Taxation, Assurance and Business advisory services to various clients and their stakeholders.

Focus at providing tailor made solutions to challenging problems of our clients, and perform with high quality and timely service. Rajput Jain & Associates, a professional firm, offers its clients a full range of services, to serve better and to bring bucket of services under one roof, the firm has merged with it various Chartered Accountancy firms pioneer in diversified fields Our main office is located at Delhi. Incidentally, Delhi is the Capital of India. Our other offices are in Mankapur & Moradabad (U.P.). We have associates all over India in big cities. All our offices are well equipped with latest technological support with updated reference materials.

We have a large team of professionals other than our Core Team members to meet the requirements of our prospective clients including the existing ones. However, considering our commitment towards high quality services to our clients, our team keeps on growing with more and more associates having strong professional background with good exposure in the related areas of responsibility. Further to meet the growing demands of the fiercely competitive market we are constantly looking forward for team of associates comprising of highly skilled professionals to cater the needs ever increasing clientele.

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Tax benefits for home loans and the associated details of the Income Tax Act, 1961.

**Claiming
tax benefits**

I. For Self Occupied House Property:

The **maximum tax benefit for interest on a home loan is restricted to Rs. 2, 00,000/-** whether you live in the house yourself or whether it is lying vacant. The same criteria apply if your parents, spouse or children live in the house, or if you leave the house vacant.

This deduction is available under Section 24 of the Income Tax Act.

Please note that the **loan** must have been taken for **purchase or construction of a house property**. If loan has been taken for repairs or reconstruction of a property your interest deduction shall be limited to **Rs. 30,000**.

Also, the **purchase or construction must be completed within 3 years from the end of the financial year in which the loan was taken.**

The interest payout for the financial year has required to be shown under the head '**income from house property**' in your income tax return.

This loss that arises due to interest shall be adjusted against income earned under other heads such as salary or income from other sources. Any unadjusted loss can be carried forward for eight assessment years in your return and set off against house property income in the subsequent years.

Conditions to claim the Rs.2 lakhs rebate.

- The home loan must be for purchase and construction of a new property.
- The loan must be taken on or after 1 April, 1999.
- The purchase or construction must be completed within 3 years from the end of the financial year in which the loan was taken.
- Interest certificate is available for the interest payable on the loan.

II. For Rental Property:

In case of let out the house for which you have taken a loan, you are **allowed to claim the entire interest against the rental income**. You can also reduce property taxes paid by you. From the net value, which is rental income less property taxes, a standard deduction of 30% (of net value) is allowed to be claimed. Also, the **entire interest payment is allowed to be adjusted from such net value**. Therefore, rental income less property taxes less 30% standard deduction less interest on home loan shall be your income (or loss) under the head house property. Similar to **loss on a self-occupied house property, this loss can be adjusted against other heads of income and carried forward to 8 years when not adjusted fully**.

III. Pre-construction Interest:-

It is allowed when you have taken a loan for purchase or construction of a house property (not allowed in case of loan for repairs or reconstruction). The deduction for this interest is allowed in 5 equal installments starting from the year in which the house is purchased or the construction is completed. For example, if construction of your property completed in FY 2014-15, on 16th June 2014, you can claim 1/5th of interest paid until 31st March 2014 when you file your return for FY 2014-15.

Though pre construction interest is allowed to be deducted on the basis of 1/5th each year beginning the year in which the construction is completed – the total amount that can be claimed in a year should not exceed Rs 2,00,000 in case of a self occupied house property.

IV. How to claim Interest Deduction

You can claim this deduction at the time of filing your return.

Here are the details and documents you will need to claim interest deduction in your return.

+ Ownership details of the property –

The tax benefits of interest are only available to **owner of a house property**. You may be repaying the interest, but if you are not an owner you will not be able to claim interest deduction in your return. In case you are a co-owner in the property find out your share in the property. The amount of deduction you can claim is based on your share in the property. Both the joint owners can claim a maximum deduction of **Rs. 2, 00,000** each for a self-occupied property.

+ Completion of construction or date of purchase of the property –

The deduction for interest can be claimed starting the year in which the construction of the property is completed. You can also claim pre-construction interest as mentioned above.

+ Borrower Details –

For claiming interest deduction the owner must also be a borrower in the home loan documents.

- ✦ **A certificate** from the bank which has your interest and principal details. This you can use to find out your outgo towards interest and principal. Municipal taxes paid during the year.
- ✦ Municipal taxes are allowed to be deducted when these have been actually paid during the year.
- ✦ **Other Tax Benefits besides interest, the portion of your EMI which goes towards principal repayment is allowed to be claimed under section 80 C.** This amount can be claimed within the overall limit of Rs 1, 50,000 under section 80C. If you have paid stamp duty and registration charges, those are also allowed to be claimed under section 80C.

Note: Interest deduction may be limited to **Rs 30,000** if any one of these conditions is met

- ✦ Loan is borrowed before 1st April 1999 for purchase, construction, repairs or reconstruction of house property.
- ✦ Loan is borrowed on or after 1st April 1999 for repairs, renovation or reconstruction of house property.



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