



## INCOME FROM HOUSE PROPERTY

### Income chargeable to tax under the head “house property”

Rental income from a property being building or land appurtenant thereto of which the taxpayer is owner is charged to tax under the head “Income from house property”.

### Rental income from sub-letting

Rental income in the hands of owner is charged to tax under the head “Income from house property”. Rental income of a person other than the owner cannot be charged to tax under the head “Income from house property”. Hence, rental income received by a tenant from sub-letting cannot be charged to tax under the head “Income from house property”. Such income is taxable under the head “Income from other sources” or profits and gains from business or profession, as the case may be.

### Rental income from a shop

Rental income from a property, being building or land appurtenant thereto, of which the taxpayer is the owner is charged to tax under the head “Income from house property”. To tax the rental income under the head “Income from house property”, the rented property should be building or land appurtenant thereto. Shop being a building, rental income will be charged to tax under the head “Income from house property”.

### Meaning of deemed owner

Rental income from property is charged to tax under the head “Income from house property in the hands of the owner of the property”. If a person receiving the rent is not the owner of the property, then rental income is not charged to tax under the head “Income from house property” (E.g. Rent received by tenant from sub-letting).

In the following cases a person may not be the registered owner of the property, but he will be treated as the owner (i.e., deemed owner) of the property and rental income from property will be charged to tax in his hands:

- (1) If an individual transfers his or her house property to his/her spouse (not being a transfer in connection with an agreement to live apart) or to his/her minor child (not being married daughter) without adequate consideration, then the transferor will be deemed as owner of the property.
- (2) Holder of impartible estate is deemed as the owner of the property comprised in the estate.
- (3) A member of co-operative society, company or other association of persons to whom a building (or part of it) is allotted or leased under house building scheme of the society, company or association, as the case may be, is treated as deemed owner of the property.
- (4) A person acquiring property by satisfying the conditions of section 53A of the Transfer of Property Act, will be treated as deemed owner (although he may not be the registered owner). Section 53A of said Act prescribes following conditions:





- a) There must be an agreement in writing.
  - b) The purchase consideration is paid or the purchaser is willing to pay it.
  - c) Purchaser has taken the possession of the property in pursuance of the agreement.
- (5) In case of lease of a property for a period not less than 12 years (whether originally fixed or provision for extension exists), lessee is deemed to be the owner of the property. However, any right by way of lease from month-to-month or for a period not exceeding one year is not covered by this provision.

### Meaning of composite rent

When apart from recovering rent of the building, in some cases the owner gets rent of other assets (like furniture) or he charges for different services provided in the building (for instance, charges for lifts, security, air conditioning, etc.). The amount so recovered is known as “composite rent”.

### Tax treatment of composite rent of building let out along with other assets

Composite rent includes rent of building and rent towards other assets or facilities. The tax treatment of composite rent is as follows:-

- a) In a case where letting out of building and letting out of other assets are inseparable (i.e., both the lettings are composite and not separable, e.g., letting of equipped theatre), entire rent (i.e. composite rent) will be charged to tax under the head “Profits and gains of business and profession” or “Income from other sources”, as the case may be. Nothing is charged to tax under the head “Income from house property”.
- b) In a case where, letting out of building and letting out of other assets are separable (i.e., both the lettings are separable, e.g., letting out of refrigerator along with residential bungalow), rent of building will be charged to tax under the head “Income from house property” and rent of other assets will be charged to tax under the head “Profits and gains of business and profession” or “Income from other sources”, as the case may be. This rule is applicable, even if the owner receives composite rent for both the lettings. In other words, in such a case, the composite rent is to be allocated for letting out of building and for letting of other assets.

### Tax treatment of composite rent in a case of letting of building along with provision of services

In a case letting of building along with provision of services, composite rent includes rent of building and charges for different services (like lift, watchman, water supply, etc.): In this situation, the composite rent is to be bifurcated and the sum attributable to the use of property will be charged to tax under the head “Income from house property” and charges for various services will be charged to tax under the head “Profits and gains of business and profession” or “Income from other sources” (as the case may be).

### Computation of income from a let out property

Income chargeable to tax under the head “Income from house property” in the case of a let-out property is computed in the following manner:



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Department of Revenue, Ministry of Finance, Government of India

<i>Particulars</i>	<i>Amount</i>
Gross annual value	XXXX
<u>Less:-</u> Municipal taxes paid during the year	<u>XXXX</u>
<i>Net Annual Value (NAV)</i>	XXXX
<u>Less:-</u> Deduction under section 24	
➤ Deduction under section 24(a) @ 30% of NAV (Standard Deduction)	(XXXX)
➤ Deduction under section 24(b) on account of interest on borrowed capital	<u>(XXXX)</u>
<i>Income from house property</i>	XXXX

### Computation of gross annual value of a let out property

Gross annual value of a property which is let-out throughout the year is determined in the following manner:

**Step 1:** Compute reasonable expected rent of the property (manner of computation is discussed in later part)

**Step 2:** Compute actual rent of the property (manner of computation is discussed in later part).

**Step 3:** Compute gross annual value (manner of computation is discussed in later part).

### Computation of reasonable expected rent of a let out property (i.e. step 1).

Reasonable expected rent will be higher of the following:

- Municipal value of the property (\*); or
- Fair rent of the property (Note 1).

If a property is covered under Rent Control Act, then the reasonable expected rent cannot exceed standard rent (Note 2).

### (\*). Meaning of Municipal Value

For collection of municipal taxes, local authorities make periodic survey of all buildings in their jurisdiction. Such value determined by the municipal authorities in respect of a property, is called as municipal value of the property.

**Note 1:** Meaning of Fair Rent It is the reasonable expected rent which the property can fetch. It can be determined on the basis of rent fetched by a similar property in the same or similar locality.

**Note 2:** Meaning of Standard Rent It is the maximum rent which a person can legally recover from his tenant under the Rent Control Act. Standard rent is applicable only in case of properties covered under Rent Control Act.



### Illustration for better understanding

From the following information compute the reasonable expected rent of each property:

<i>Particulars</i>	<i>Property A (Rs.)</i>	<i>Property B (Rs.)</i>	<i>Property C (Rs.)</i>
Municipal Value	8,48,484	8,48,484	8,48,484
Fair Rent	2,52,252	2,52,252	2,52,252
Standard Rent	Not Applicable	84,252	9,84,000

\*\*

Reasonable expected rent will be higher of the following:

- Municipal value of the property; or
- Fair rent of the property.

In case of a property covered under the Rent Control Act, reasonable expected rent will be higher of municipal value or fair rent subject to standard rent of the property.

Based on above discussion, the computation of reasonable expected rent will be as follows :

#### Computation of reasonable expected rent

<i>Property A (Rs.)</i>	<i>Property B (Rs.)</i>	<i>Property C (Rs.)</i>
Reasonable expected rent will be Rs. 8,48,484 (being higher of municipal value and fair rent).	Reasonable expected rent will be Rs. 84,252 (being higher of municipal value and fair rent, but restricted to standard rent).	Reasonable expected rent will be Rs. 8,48,484 being higher of municipal value and fair rent, but restricted to standard rent (standard rent is higher and hence restriction of standard rent will not apply in this case).

### Computation of actual rent of a let out property (i.e. step 2)

Actual rent means the rent for which the property is let out during the year. While computing actual rent, rent pertaining to vacancy period is not to be deducted. However, unrealised rent (\*) is to be deducted from actual rent if conditions specified in this regard are satisfied.

(\*) Unrealised rent is the rent of the property which the owner of the property could not recover from the tenant, i.e., rent not paid by the tenant. If following conditions are satisfied, then unrealised rent is to be deducted from actual rent of the year:

- The tenancy is bona fide.
- The defaulting tenant has vacated the property, or steps have been taken to compel him to vacate the property.
- The defaulting tenant is not in occupation of any other property of the taxpayer.
- The taxpayer has taken all steps to recover such amount, including legal proceedings or he satisfies the Assessing Officer that legal proceedings would be useless.



### Illustration for better understanding

Mr. Raj owns a bungalow. Throughout the year 2015-16 the bungalow is rented to Mr. Kumar at a monthly rent of Rs. 84,000. Due to internal dispute, Mr. Kumar did not pay rent for the month of March, 2016. What will be the amount of actual rent to be used to compute gross annual value of the property?

\*\*

Rent for the month of March, 2016 is not received and, hence, unrealised rent will come to Rs. 84,000.

While computing gross annual value of the property, unrealised rent of Rs. 84,000 will be deducted from actual rent. Thus, actual rent to be considered while computing gross annual value will come to Rs. 9,24,000 (Rs. 10,08,000 – Rs. 84,000 unrealised rent). Unrealised rent of Rs. 84,000 will be deducted from actual rent if all the conditions discussed in this regard are satisfied.

If any of the conditions specified in this regard is not satisfied, then while computing gross annual value, actual rent will be taken as Rs. 10,08,000 (i.e., rent for entire year without deducting unrealised rent of Rs. 84,000).

### Computation of gross annual value of a let out property (i.e. step 3)

Gross annual value of a property which is let-out throughout the year will be higher of amount computed at step 1 or step 2 (as discussed earlier).

### Illustration for better understanding

From the information provided by Mr. Raja in respect of 3 properties rented out by him compute the gross annual value of all the properties.

<i>Particulars</i>	<i>Property A (Rs.)</i>	<i>Property B (Rs.)</i>	<i>Property C (Rs.)</i>
Municipal Value	8,48,484	8,48,484	2,52,252
Fair Rent	2,52,252	2,52,252	8,48,484
Standard Rent	Not Applicable	84,252	9,84,000
Actual rent for the entire year	9,60,000	60,000	9,60,000
Unrealised rent (*)	1,60,000	NIL	80,000

\*\*

Gross annual value will be computed as follows:

**Step 1:** Compute reasonable expected rent of the property.

**Step 2:** Compute actual rent of the property.

**Step 3:** Compute gross annual value.



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**Step 1 :** Computation of reasonable expected rent, it will be higher of municipal value or fair rent (subject to standard rent). Computation will be as follows :

<i>Particulars</i>	<i>Property A (Rs.)</i>	<i>Property B (Rs.)</i>	<i>Property C (Rs.)</i>
Municipal Value	8,48,484	8,48,484	2,52,252
Fair Rent	2,52,252	2,52,252	8,48,484
Standard Rent	Not Applicable	84,252	9,84,000
Amount at Step 1	8,48,484	84,252	8,48,484

**Step 2:** Computation of actual rent after deducting unrealised rent. The computation will be as follows :

<i>Particulars</i>	<i>Property A (Rs.)</i>	<i>Property B (Rs.)</i>	<i>Property C (Rs.)</i>
Amount at Step 2 (*)	8,00,000	60,000	8,80,000

(\*) Actual rent after deducting unrealised rent will come to Rs. 8,00,000 (9,60,000 – Rs. 1,60,000) in case of property A, Rs. 60,000 in case of property B and Rs. 8,80,000 (Rs. 9,60,000 – Rs. 80,000) in case of property C.

**Step 3 :** Gross annual value will be higher of amount computed at Step 1 or Step 2. The computation will be as follows :

<i>Particulars</i>	<i>Property A (Rs.)</i>	<i>Property B (Rs.)</i>	<i>Property C (Rs.)</i>
Amount at Step 1	8,48,484	84,252	8,48,484
Amount at Step 2	8,00,000	60,000	8,80,000
Amount at Step 3, i.e., Gross annual value (being higher of above)	8,48,484	84,252	8,80,000

**Computation of gross annual value in the case of a property which is vacant for some time during the year**

Where the property or any part of the property is let and was vacant during the whole or any part of the previous year and owing to such vacancy the actual rent received or receivable by the owner in respect thereof is less than the reasonable expected rent than the actual rent so received or receivable (as reduced by the vacant allowance) shall be considered to be the Gross Annual Value of the property.



## Expenses to be deducted from gross annual value of a let out property

While computing income chargeable to tax under the head “Income from house property” in the case of a let-out property, only following items can be claimed as deductions from gross annual value. In other words, deduction cannot be claimed for any expenditure incurred by the taxpayer other than following:

- 1) Deduction on account of municipal taxes paid by the taxpayer during the year (\*).

(\*). Only municipal taxes paid by the owner during the year can be deducted, hence, municipal taxes due but not paid during the year cannot be deducted or taxes borne by the tenant cannot be deducted.

- 2) Deduction under section 24(a) @ 30% of Net Annual Value.
- 3) Deduction under section 24(b) on account of interest on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of the property. The provisions in this regard are as follows :

While computing income chargeable to tax under the head “Income from house property” in case of a let-out property, the taxpayer can claim deduction under section 24(b) on account of interest on loan taken for the purpose of purchase, construction, repair, renewal or reconstruction of the property.

In case of a let-out property, there is no limit on the quantum of interest which can be claimed as deduction under section 24(b). However, in case of a self occupied property, limit is Rs. 2,00,000 or Rs. 30,000, as the case may be (discussed in later part).

Interest is classified as pre-construction period interest and post construction period interest.

### Pre-construction period

While computing income chargeable to tax under the head “Income from house property” in case of a let-out property, the taxpayer can claim deduction under section 24(b) on account of interest on loan taken for the purpose of purchase, construction, repair, renewal or reconstruction of the property.

Deduction on account of interest is classified in two forms, viz., interest pertaining to pre-construction period and interest pertaining to post-construction period. The detailed discussion in this regard is as follows:

Post-construction period interest is the interest pertaining to the relevant year (i.e., the year for which income is being computed).

Pre-construction period is the period commencing from the date of borrowing of loan and ends on earlier of the following:

- Date of repayment of loan; or
- 31st March immediately prior to the date of completion of the construction/acquisition of the property.

Interest pertaining to pre-construction period is allowed as deduction in five equal annual instalments, commencing from the year in which the house property is acquired or constructed.



Thus, total deduction available to the taxpayer under section 24(b) on account of interest will be 1/5th of interest pertaining to pre-construction period (if any) + Interest pertaining to post construction period (if any).

### Meaning of Self-occupied property

A self-occupied property means a property owned by the taxpayer which is occupied throughout the year by the owner for the purposes of his own residence and is not actually let out during the whole or any part of the year. Thus, a property not occupied by the owner for his residence cannot be treated as a self occupied property. However, there is one exception to this rule. If the following conditions are satisfied, then the property can be treated as self-occupied and the annual value of a property will be “Nil”, even though the property is not occupied by the owner throughout the year for his residence:

- a) The taxpayer owns a property;
- b) Such property cannot actually be occupied by him owing to his employment, business or profession carried on at any other place and he has to reside at that other place in a building not owned to him;
- c) The property mentioned in (a) above (or part thereof) is not actually let out at any time during the year;
- d) No other benefit is derived from such property.

### Computation of income from self occupied property

A self-occupied property means a property which is occupied throughout the year by the taxpayer for his residence. Income chargeable to tax under the head “Income from house property” in case of a self-occupied property is computed in following manner :

<i>Particulars</i>	<i>Amount</i>
Gross annual value	Nil
<u>Less:-</u> Municipal taxes paid during the year	<u>Nil</u>
<i>Net Annual Value (NAV)</i>	Nil
<u>Less:-</u> Deduction under section 24	
➤ Deduction under section 24(a) @ 30% of NAV	Nil
➤ Deduction under section 24(b) on account of interest on borrowed capital	<u>(XXXX)</u>
<i>Income from house property</i>	XXXX

From the above computation it can be observed that “Income from house property” in the case of a self occupied property will be either Nil (if there is no interest on housing loan) or negative (i.e., loss) to the extent of interest on housing loan. Deduction in respect of interest on housing





loan in case of a self-occupied property cannot exceed Rs. 2,00,000 or Rs. 30,000, as the case may be (discussed later).

### **Tax implication of more than one house property occupied for residence purpose**

The SOP benefit (i.e., treating property as SOP and claiming GAV as Nil) is available only in respect of one property occupied by the owner for his residence.

If a person occupies more than one property for his residence, then the SOP benefit will be granted only in respect of any one property as selected by him and other property/properties will be treated as “Deemed to be let-out”. Income from deemed to be let-out property is computed in the same manner as discussed in the case of “Let-out” Property.

### **Deduction in respect of interest on housing loan in case of self-occupied property**

The provisions relating to deduction under section 24(b) on account of interest on housing loan in case of self-occupied property are same as applicable in case of let-out property. In other words, deduction available to taxpayer under section 24(b) in respect of self-occupied property will be 1/5th of interest pertaining to pre-construction period (if any) + Interest pertaining to post-construction period (if any) [provisions of section 24(b) are already discussed earlier].

However, in the case of self-occupied property, deduction under section 24(b) cannot exceed Rs.2,00,000 or Rs. 30,000 (as the case may be). If all the following conditions are satisfied, then the limit in respect of interest on borrowed capital will be Rs.2,00,000:

1. Capital is borrowed on or after 1-4-1999.
2. Capital is borrowed for the purpose of acquisition or construction (i.e., not for repair, renewal, reconstruction).
3. Acquisition or construction is completed within 5 years from the end of the financial year in which the capital was borrowed.
4. The person extending the loan certifies that such interest is payable in respect of the amount advanced for acquisition or construction of the house or as re-finance of the principal amount outstanding under an earlier loan taken for acquisition or construction of the property.

If any of the above condition is not satisfied, then the limit of Rs. 2,00,000 will be reduced to Rs. 30,000.

### **Computation of income when property is self-occupied for part of the year and let out for part of the year**

At times a property may be let-out for some time during the year and is self-occupied for the remaining period (i.e., let-out as well as self occupied during the year). For the purpose of computation of income chargeable to tax under the head “Income from house property”, such a property will be treated as let-out throughout the year and income will be computed accordingly.

However, while computing the taxable income in case of such a property, actual rent will be considered only for the let-out period.



### **Computation of income when, part of the property is self-occupied and part is let out**

A house property may consist of two or more independent units, one of which is self-occupied and the remaining is/are used for any other purpose (i.e., let-out or used for own business). Income from such property will be computed in the following manner:

A Part/unit which is occupied by the taxpayer for his residence throughout the year will be treated as an independent property and income from such a part/unit will be computed in the manner as discussed in case of a self-occupied property.

A Part/unit which is let out will be treated as an independent property and income from such a part/unit will be computed in the manner as discussed in case of let out property.

### **Tax treatment of unrealised rent which is subsequently realised**

Any subsequently recovery of unrealised rent shall be deemed to be the income of taxpayer under the head “Income from house property” in the year in which such rent is realized (whether or not the assessee is the owner of that property in that year). The amount received is charged to tax after deducting a sum equal to 30% of such unrealised rent.

### **Tax treatment of arrears of rent**

The amount received on account of arrears of rent (not charged to tax earlier) will be charged to tax after deducting a sum equal to 30% of such arrears. It is charged to tax in the year in which it is received. Such amount is charged to tax whether or not the taxpayer owns the property in the year of receipt.

### **Deduction in respect of interest on loan taken for residential house property**

As per Section 80EE of the Income-tax Act, deduction of up to Rs. 50,000 is allowed to an Individual towards interest on loan taken for acquisition of a residential house property.

However, the deduction is allowed subject to following conditions:

- (i) the loan should be sanctioned by the financial institution during the during the FY 2016-17;
- (ii) the amount of loan should not exceed Rs. 35 Lakh;
- (iii) the value of residential house property should not exceed Rs. 50 lakh;
- (iv) the assessee should not own any residential house property on the date of sanction of loan.

The deduction is available from AY 2017-18 and subsequent assessment years.





## MCQ ON INCOME FROM HOUSE PROPERTY

**Q1.**Rental income from a property being building or land appurtenant thereto of which the taxpayer is \_\_\_\_\_ is charged to tax under the head “Income from House Property”.

- (a) Owner (b) Power of attorney holder  
(c) Sub-tenant (d) Holder in due course

**Correct answer : (a)**

**Justification of correct answer :**

Rental income from a property being building or land appurtenant thereto of which the taxpayer is owner is charged to tax under the head “Income from House Property”.

Thus, option (a) is the correct option.

**Q2.**Rental income received by a tenant from sub-letting is also charged to tax under the head “Income from House Property”.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

Rental income in the hands of owner is charged to tax under the head “Income from house property”. Rental income of a person other than the owner cannot be charged to tax under the head “Income from house property”. Hence, rental income received by a tenant from sub-letting cannot be charged to tax under the head “Income from house property”.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q3.**If an individual transfers his or her house property to his/her spouse (not being a transfer in connection with an agreement to live apart) or to his/her minor child (not being married daughter) without adequate consideration, then the \_\_\_\_\_ will be deemed as owner of the property.

- (a) Transferor (b) Transferee  
(c) Transferor: 60% and transferee: 40% (d) Transferor: 40% and transferee: 60%

**Correct answer : (a)**

**Justification of correct answer :**

If an individual transfers his or her house property to his/her spouse (not being a transfer in connection with an agreement to live apart) or to his/her minor child (not being married daughter) without adequate monetary consideration, then the transferor will be deemed as owner of the property.



Thus, option (a) is the correct option.

**Q4.**In a case where letting out of building and letting out of other assets are inseparable, entire rent (i.e. composite rent) will be charged to tax under the head “Income from house property”.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

In a case where letting out of building and letting out of other assets are inseparable (i.e., both the lettings are composite and not separable, e.g., letting of equipped theatre), entire rent (i.e. composite rent) will be charged to tax under the head “Profits and gains of business and profession” or “Income from other sources”, as the case may be. Nothing is charged to tax under the head “Income from house property”.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q5.**In a case where, letting out of building and letting out of other assets are separable, rent of building will be charged to tax under the head \_\_\_\_\_ and rent of other assets will be charged to tax under the head \_\_\_\_\_.

- (a) Income from House Property, Income from House Property  
(b) Profits and gains of business and profession, Income from House Property  
(c) Income from House Property, Profits and gains of business and profession” or “Income from other sources” (as the case may be)  
(d) Profits and gains of business or profession, Income from other sources

**Correct answer : (c)**

**Justification of correct answer :**

In a case where, letting out of building and letting out of other assets are separable (i.e., both the lettings are separable, e.g., letting out of refrigerator along with residential bungalow), rent of building will be charged to tax under the head “Income from house property” and rent of other assets will be charged to tax under the head “Profits and gains of business and profession” or “Income from other sources” (as the case may be).

Thus, option (c) is the correct option.

**Q6.**Deduction available under section 24(a) is \_\_\_\_\_ of NAV.

- (a) @ 10% (b) @ 30%  
(c) @ 50% (d) @ 70%

**Correct answer : (b)**

**Justification of correct answer :**

Deduction available under section 24(a) is @ 30% of NAV.



Thus, option (b) is the correct option.

**Q7.**In case of a property covered under the Rent Control Act, reasonable expected rent will be \_\_\_\_\_ municipal value or fair rent subject to standard rent of the property.

- (a) Lower of (b) Equal to  
(c) Higher of (d) Average of

**Correct answer : (c)**

**Justification of correct answer :**

In case of a property covered under the Rent Control Act, reasonable expected rent will be higher of municipal value or fair rent subject to standard rent of the property.

Thus, option (c) is the correct option.

**Q8.**While computing income chargeable to tax under the head “Income from house property” in the case of a let-out property, taxes due as well as paid by the owner and the tenant during the year can be deducted.

- (a) True (b) False

**Correct answer : (b)**

**Justification of correct answer :**

While computing income chargeable to tax under the head “Income from house property” in the case of a let-out property, only taxes paid by the owner during the year can be deducted. Hence, taxes due but not paid during the year cannot be deducted or taxes borne by the tenant cannot be deducted.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

**Q9.**Deduction under section 24(b) is available on account of \_\_\_\_\_

- (a) Municipal taxes paid by the owner  
(b) Capital expenditure incurred by the owner  
(c) Revenue expenditure incurred by the owner  
(d) Interest on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of the property

**Correct answer : (d)**

**Justification of correct answer :**

Deduction under section 24(b) is available on account of interest on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of the property.

Thus, option (d) is the correct option.

**Q10.**If a person occupies more than one property for his residence, then the SOP benefit will be granted in respect of all such properties occupied by him for his residence.





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Department of Revenue, Ministry of Finance, Government of India

(a) True

(b) False

**Correct answer : (b)**

**Justification of correct answer :**

If a person occupies more than one property for his residence, then the SOP benefit will be granted only in respect of any one property as selected by him and other property/properties will be treated as “Deemed to be let-out”.

Thus, the statement given in the question is false and hence, option (b) is the correct option.

INCOME TAX DEPARTMENT

