



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 when property occupied by the owner for his residence or it is not occupied by the owner owing to employment or business or professional at any other place.

If a person has more than one such property, 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.

However, with effect from Assessment Year 2020-21, a person can claim two properties as self-occupied house properties.

### **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 properties, aggregate 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.