

CHAPTER 3

INCOME FROM HOUSE PROPERTY

(In case, All the four options given are incorrect then mark 'E' as your answer)

1. Sri Ganesh Ltd. , an Indian Company has let out its premises on rent. As per the company's memorandum, the main object is to earn rental income through letting off properties on rent. The income is chargeable under the head:

(a) House property (b) Business / Profession (c) Other Sources (d) None of these

2. Vignesh has let out property at a rent of ₹ 20000 p.m. , during the previous year 2019-20 from April 2019 to December 2019. The property is self-occupied for remaining 3 months. The municipal value of the property is ₹ 200000 p.a. Total municipal tax for the year amounted to 20% of which half was paid on 29.3.20 and balance on 2.4.20. Interest on loan amounted to ₹ 600000 of which ₹ 400000 pertains to the current previous year and balance was pre – construction interest. Income from house property amounts to:

(a) NIL (b) ₹ 74000 (c) ₹ (-)314000 (d) ₹ 800000

3. Rental Income of a plinth is chargeable under the head:

(a) House property (b) Business / Profession (c) Other sources (d) Capital gains

4. Sri Vinayak owns two self – occupied properties, the municipal value of which are ₹ 200000 and ₹ 300000 respectively. Municipal taxes paid at 20% each. Repairs ₹ 30000 and ₹ 40000 respectively. The income from house property is:

(a) NIL (b) ₹ 112000 (c) ₹ 168000 (d) ₹ 290000

5. Suresh owns two house properties. first property was used half for running his business and the other half was let-out at ₹4,000 per month. the second house property was wholly used as residence by Suresh. Municipal value of the two properties were the same at ₹72,000 each per annum and local taxes @ 10%. Suresh's income from house property for the previous year 2019-2020 will be-

a) ₹33,600 b) ₹31,080 c) ₹28,560 d) ₹62,160

6. Jaggu has let out his factory premises on rent along with plant and machinery licenses, etc. upon the closure of his business. His income is chargeable under the heads:

(a) House property (b) Business / Professions (c) Capital gains (d) Other sources

7. Sri Ram entered into a contract with Sri Krishna for purchase of his property for a consideration of ₹ 7500000. The following events took place:

- (i) On 15.3.20 Sri Ram paid ₹ 6000000 as part of consideration
- (ii) On 28.3.20 Sri Krishna delivers possession of the building
- (iii) On 2.4.20 balance consideration is paid

As on 31.3.20 whom would you consider as the owner for the purposes of computing income from house property ?:

(a) Sri Ram (b) Sri Krishna (c) As decided by the Assessing Officer (d) On a proportionate basis

8. Rajesh constructed a property on 1.8.19. The said property is held on stock – in – trade. The Annual Value of the property for previous year 2019-20 shall be as under:

(a) NIL (b) computed on the basis of expected rent (c) the property shall be considered as a self – occupied property (d) the property shall be considered as deemed to be let out

9. The term House in 'House Property' covers:

(a) Residential House (b) Commercial Building (c) Godown and Showrooms (d) All of these

10. The net annual value of a property is ₹ 100000 and repairs expenses amounted to ₹ 20000. Income from House property :

(a) ₹ 8000 (b) ₹ 100000 (c) ₹ 70000 (d) ₹ 90000

11. Where the original tenant has sublet the property, income is chargeable under:

(a) House property (b) Business / Profession (c) Other Sources (d) None of these

12. The term House Property covers income from:

(a) Building Only (b) Building and Land appurtenant thereto (c) Only Land (d) Only residential Building

13. For self-occupied property, where loan is taken on 1/4/2019 for construction the maximum limit of interest is and subject to condition that .

(a) ₹ 150000; construction must be completed within 3 years from date of loan
 (b) ₹ 150000; Construction must be completed within 3 years from end of F.Y. in which loan is taken
 (c) ₹ 200000; Construction must be completed within 5 years from end of F.Y. in which loan is taken
 (d) ₹ 200000; Construction completed in 3 years from date of loan

14. Recovery of unrealised rent is ₹ 100000 and legal expenses for recovering the rent ₹ 5000. Taxable amount is:

(a) ₹ 70000 (b) ₹ 100000 (c) ₹ 95000 (d) NIL

15. GAV: ₹ 100000; MT paid ₹ 120000; Interest on loan ₹ 25000. Income from HP:

(a) NIL (b) (-) ₹ 20000 (c) (-) ₹ 45000 (d) (-) ₹ 31000

16. If a property is non occupied due to employment of owners at a different place then Annual value of property is:

(a) Its Expected value (b) NIL (c) Its Municipal Value (d) Its Fair Rent

17. Arrears of rent received is taxable:

(a) In the year to which it pertains (b) In the year of receipt
 (c) In the year in which dispute is settled (d) Not taxable

18. Compute Net Annual Value from the following information:

Mr. X is the owner of House at Kolkata. During the year he let out the house from 1/4/2019 to 30/9/2019 at a rent of ₹5000 p.m. From 1/10/2019 he started living in the house. The Expected Rent of the house is ₹1,00,000. The Municipal Taxes paid amounted to ₹8,000 and Interest on Loan was ₹12,000.

a) 92000 b. 52400 c. 100000 d. None of the above

19. Unrealised rent of ₹50000 was received in June, 2018. The property was sold before April, 2018. How much of unrealised rent is taxable?

(a) ₹50000 (b) ₹35000 (c) ₹30000 (d) Not taxable

20. A has two house properties, both are self-occupied. The annual value

(a) Of both shall be nil (b) Of no house shall be nil (c) One house shall be nil (d) None of the above

21. Sunil purchased a house for his residential purpose after taking a loan in January, 2020. During the previous year 2019-20, he paid interest on loan ₹267000. While computing income from house property, the deduction is allowable to the extent of--

(a) ₹ 300000 (b) ₹ 150000 (c) ₹ 200000 (d) ₹ 267000

22. G is a member of house building co-operative society. The society is the owner of the flats constructed by it. One of the flats is allotted to G. The income from that flat will be assessed in the hands of
(a) Co-operative society (b) G (c) Both of the above (d) None of the above

23. Vacant site lease rent is taxable as

(a) Income from house property (b) Business income
(c) Income from other sources or business income, as the case may be (d) None of the above

24. Treatment of unrealised rent for determining Income from House property

(a) To be deducted from annual letting value (b) To be deducted from actual rent
(c) To be deducted under section 24 from annual value (d) None of the above

25. Interest on borrowed capital accrued up to the end of the previous year prior to the year of completion of construction is allowed

(a) As deduction in the year of completion of construction
(b) In 5 equal instalments from the year of completion of construction
(c) In the respective year in which interest accrues
(d) In 5 equal instalments from the year of loan taken

26. Manoj received ₹90,000 in May, 2019 towards recovery of unrealised rent, which was deducted from actual rent during the P.Y. 2018-19 for determining annual value. The amount taxable under section 25A for the A.Y. 2020-21 would be-

(a) ₹ 90,000 (b) ₹ 63,000 (c) ₹ 45,000 (d) ₹ 18,000

27. Income from hoardings on roof of the building shall be taxable under the head:

(a) House Property (b) Other Sources (c) Business/Profession (d) Exempted

28. **Compute the Gross Annual Value** in the following cases Municipal value 68. Fair rent 60. Standard rent 70. Annual rent (12 months) 84. Unrealised rent 12. Vacancy 2months.

(a) 60 (b) 48 (c) 58 (d) 68

29. **To claim deduction of unrealised rent which of the following condition must be satisfied:**

(a) The tenancy is bonafide ;
(b) the defaulting tenant has vacated, or steps have been taken to compel him to vacate the property ;
(c) the defaulting tenant is not in occupation of any other property of the assessee;
(d) all of the above

30. **In which of the following cases transferor shall not be regarded as deemed owner:**

(a) Transfer of house to Spouse without adequate consideration
(b) Transfer of house to Married minor daughter without adequate consideration
(c) Transfer of house to married minor son without adequate consideration
(d) All of the above

31. **In case of composite letting out of Building and plant and machinery where rent and service charge cannot be segregated income is chargeable under the head :**

(a) Income from House property (b) Income from other sources or business professions
(c) Income from capital gains (d) None of the above

32. Income from the land appurtenant to building is taxable under the head -

- (a) Exempted (b) Income from House property
(c) Income from other sources (d) None of the above
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33. Interest on loan shall be allowed as deduction if loan has taken and utilised for :

- (a) Purchase of the house (b) Construction of the house
(c) Repair or renewal of the house (d) all of the above
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34. By way of a will Mr. X transferred his property to four sons A, B, C and D. as per the will this property cannot be partition amongst the four brothers. However, Mr. A shall have controlling power or rights. Who is regarded as owner for the purpose of house property:

- (a) A (b) all the brothers (c) Mr. X (d) B,C and D
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