

Topics for this Video

1. HRA deduction for Salaried Employees
2. HRA deduction for Non-Salaried Employees, Self-employed, Pensioners
3. Payment of House Rent to Parents
4. HRA deduction and Home Loan deduction

House Rent Allowance

➤ Salaried employees

HRA deduction under section 10(13A)

Minimum of following 3 numbers is allowed to claim :

1. Actual HRA received
2. 50% of Salary (Basic + DA) (Mumbai, Kolkata, Delhi, Chennai)
40% of Salary (Basic + DA) (Other places)
3. House Rent Paid – 10% of Salary (Basic + DA)

Important points to remember

If annual rent paid is more than Rs. 1.0 Lakh

PAN of Landlord is mandatory

If HRA deduction on house rent paid is not allowed by DDO

Claim HRA deduction at the time of ITR filing

Rent receipts, PAN of Landlord, proof of transaction, etc. will be required if any query from Income Tax department.

House Rent Allowance

➤ Salaried employees

HRA deduction under section 10(13A)

Minimum of following 3 numbers is allowed to claim :

1. Actual HRA received = 11,000
2. 50% of Salary = 25,000
40% of Salary
3. Rent Paid – 10% of Salary = 15,000 – 5,000 = 10,000 per month

Basic Pay	: 40,000
DA	: 10,000
Salary	: 50,000
HRA	: 11,000

House Rent Allowance

➤ Salaried employees

HRA deduction under section 10(13A)

Minimum of following 3 numbers is allowed to claim :

1. Actual HRA received = 1,32,000
2. 50% of Salary = 3,00,000
40% of Salary
3. Rent Paid – 10% of Salary = 1,80,000 – 60,000 = 1,20,000 Annual

Basic Pay	: 4,80,000
DA	: 1,20,000
Salary	: 6,00,000
HRA	: 1,32,000

House Rent Allowance

➤ Non-Salaried employees, Self-employed, Pensioners

HRA deduction under section 80GG

Minimum of following 3 numbers is allowed to claim :

1. Annual Rent Paid – 10% of Annual Income*
2. Rs. 5000 per month
3. 25% of Annual Income*

* Income excluding long term capital gains and short term capital gains.

** You or your spouse do not have own house at your current place of residence or work.

Payment of Rent to Parents

- Transfer rent amount to Father's/Mother's account
- Get rent receipts from parents
- Submit ITR for your Father/Mother and include rental income
- Cannot pay rent to your spouse to claim HRA deduction

HRA and Home Loan

Residence in one city and having a house in another city

You can claim deduction for:

- HRA – Sec. 10(13A) or 80GG
 - Home Loan Principal – Sec. 80C (up to 1.5 Lakh)
 - Home Loan Interest – Sec. 24 (up to 2.0 Lakh)
(Interest/Loss from property)
– Sec. 80EEA* (up to 1.5 Lakh)
- Max. 3.5 Lakh

*conditions applied