

Tax Benefits

Tax Incentives on Buying Homes

Tax laws offer incentives to encourage people to buy homes so why not make full use of them? Here are some of the advantages of owning a home:

Tax Benefit on Home Loan Interest Amount

Interest on housing loans for self-occupied properties are exempted upto a ceiling of Rs. 2,00,000 per annum.

Interest on housing loans for properties that are not self-occupied are fully exempt.

Further exemption of Rs.50,000 per annum is available if the value of the property does not exceed Rs.50 Lakhs AND the amount of loan does not exceed Rs.35 Lakhs.

Tax Benefit on Home Loan Principal Amount

A deduction of Rs.1,50,000 per annum from taxable income is available for home loan principal repayment.

Buy in Joint Name and get double the Tax Benefits !

The above deductions are per person and not per property. So in case you have purchased a property jointly or taken a joint home loan, each person repaying the amount would be eligible to claim the whole deduction separately.

Deduction on stamp duty and registration charges: Besides the deduction allowed on principal repayment, payment made towards stamp duty and registration charges are also allowed. However, these can only be claimed in the year in which these were paid.

Deduction on pre-construction interest: While deduction for interest can be claimed starting the financial year in which the construction is completed, you can also start claiming pre-construction interest from the same year. You need to add up the entire pre-construction interest and claim it in five equal installments. The total deduction, however, should not exceed Rs 2 lakh when the house is being used by you for your own residence.

Capital Gains:

Capital gains resulting from the transfer of any capital assets will be exempt if the net consideration is used to purchase a residential house within a period of 1 year before or 2 years after the date of transfer or to construct a residential house within 3 years after the date of transfer

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