

FAQs on Renting a Property in India

Residential & Commercial Leasing — GST, TDS, Income Tax, Registration & NRI Implications

1. Is GST applicable on residential rent?

If rented by an individual for personal residence: No GST applies.

2. Is GST applicable if a company or LLP rents a residential property?

Yes. If a residential property is rented to a company, LLP, partnership firm, or GST-registered business entity, 18% GST applies under Reverse Charge Mechanism (RCM).

3. Who pays GST under RCM?

Under RCM, the landlord usually does not charge GST. The tenant entity pays GST directly to the government.

4. Is GST applicable if a residential flat is used as an office?

Yes. If residential premises are used commercially, GST exemption generally does not apply.

5. Is GST applicable on commercial property rent?

Yes, usually at 18% GST.

6. Can the tenant claim GST Input Tax Credit (ITC)?

Usually available for office/commercial use. Often disputed for employee accommodation, guest houses, and director residences.

7. Is TDS applicable on rent?

For companies, LLPs, and firms, TDS under Section 194I generally applies at 10%.

8. Is TDS applicable for individuals paying house rent?

If monthly rent exceeds Rs. 50,000, TDS under Section 194IB may apply at 2%.

10. Is security deposit taxable?

Refundable security deposits are usually not taxable. Non-refundable deposits may become taxable.

11. Is GST applicable on maintenance charges?

It depends on the lease structure and whether maintenance is included in rent.

12. What is the stamp duty for a rent agreement in Delhi?

For 11-month agreements, stamp duty is typically Rs. 1100. Longer leases depend on duration and rent value, typically 2% on average annual rent for leases upto 5 yrs. Annual rent is calculated by adding the escalation during the lease period.

13. Is registration mandatory for a rent agreement?

Registration is usually mandatory for leases exceeding 11 months.

15. How is rental income taxed for landlords?

Rental income is taxed under 'Income from House Property'.

16. What is the 30% standard deduction?

Landlords automatically receive a 30% deduction on net annual rental value.

17. Can landlords deduct home loan interest?

Yes. Home loan interest for rented property is generally deductible.

18. What tax benefits are available for tenants living on rent?

Salaried employees may claim HRA exemption. Self-employed individuals may claim Section 80GG deductions.

19. Can a person claim both HRA and home loan benefits?

Yes, in many practical situations.

20. Is HRA exemption available under the new tax regime?

No. HRA exemption is generally available only under the old tax regime.

21. Why do many landlords prefer renting to individuals instead of companies?

Corporate leasing may trigger GST under RCM, TDS, and additional compliance burden.

22. How is TDS different when the landlord is an NRI?

When rent is paid to an NRI landlord, TDS under Section 195 applies and rates can be significantly higher, currently 31.2%.

23. Does the Rs. 50,000 monthly thresholds apply for NRI landlords?

No. Section 195 may apply irrespective of the rent amount.

24. Is GST applicable differently for NRIs renting out residential property?

GST implications are generally based on tenant type and usage, not NRI status.

25. Is rental income earned by NRIs taxable in India?

Yes. Rental income from Indian property is taxable in India even if the owner is an NRI.

26. Can NRIs claim deductions on rental income?

Yes. NRIs can generally claim municipal taxes, 30% standard deduction, and eligible home loan interest deductions.

27. Can NRIs repatriate rental income outside India?

Yes, subject to FEMA rules and applicable banking/tax compliance.