

HOUSE RENT ALLOWANCE

Eligible Employees would receive a House Rent Allowance at the rate of 40% of Basic + DA per month.

FAQs

1. What is the maximum HRA which can be claimed under Income Tax?

40% of Basic + DA.

2. Can I change my HRA amount after declaring it to the Employer?

Yes.

3. How many times can I change my HRA amount?

Only in case of a change of house.

4. How and when does the declared HRA amount get paid out to me?

On a monthly basis through the salary slip.

5. Does any tax perquisite get added to my taxable income if I opt for HRA?

No.

6. Is it compulsory for me to opt for HRA?

No.

7. What is the income tax treatment for House Rent Allowance?

HRA is exempt from Income Tax up to the lowest of:

- Actual HRA received.
- Rent paid less 10% of Basic + DA.
- 50% of Basic + DA in Mumbai, Delhi, Kolkata, Chennai / 40% of Basic + DA at all other locations.

- 8. I have rent receipts, but I do not seem to have been given full credit for the rent amount. Why could this have happened?**

The rent you have paid may have not been declared correctly. Also, HRA rebate is calculated on a month to month basis, and it is necessary that the Rent receipts should correspond to the HRA received for the month. If you received no HRA for a month, you cannot claim HRA rebate even if you have paid rent for that month and can produce a receipt.

- 9. I went to a tax calculator website. The amount of HRA rebate shown there is different from the HRA rebate which the Company has allowed me. Why?**

Many tax calculators on websites calculate the HRA rebate on a total annual basis, which is incorrect – it is to be calculated on a month-to-month basis.

- 10. What is the difference between the tax treatment for HRA depending upon the city that I work in?**

For purposes of HRA rebate calculations, 50% of Basic + DA for Metro cities (Mumbai, Delhi, Kolkata and Chennai) is taken, as compared to 40% of Basic + DA in all other cities and towns.

- 11. Can I produce a rent receipt from my spouse?**

No.

- 12. Can I produce a rent receipt from my parent?**

Yes.

Note: Eligibility Details can be known from your HR Manager.