



# House Rent Allowance

## AIUCBOF Empowerment Series Chapter 8

With effect from 01.11.2007, Officers are eligible to claim HRA as follows

1. Standard HRA is payable on the basis of classification of Area of member's place of posting.
2. HRA payable on the basis of Rent receipt or capital cost of accommodation @ 150% of standard HRA.

### I. Standard HRA:

(i) The rates of HRA are fixed as per classification of area Viz. a) Major A Class cities and Project Area centres in Group A b) Other places in Area I and Project Area centres in Group B and c) Other places.

(ii) There is no need of submitting rent receipt/ lease agreement for standard HRA. With effect from 01.11.2007, the rates of standard HRA for the above category are as under:

- (i) Major "A" class cities and Project Area centres in Group A — 8.5% of pay
- (ii) Other places in Area I and Project Area centres in Group B — 7.5 % of pay
- (iii) Other places — 6.5.% of pay

(iv) HRA on the basis of Rent receipt: Officers who stay in a rented house by paying a rent higher than the standard HRA , can claim HRA on the basis of Rent receipt subject to the condition that HRA payable to him / her for the rented house is in excess over 1.2% of Pay in the first stage of the scale of Pay in which he / she is placed with a maximum of 150% of the House Rent Allowance payable as per aforesaid rates.

For sanction of 150% HRA in the above category, a declaration should be submitted to the sanctioning authority. The sanctioning authority is respective Z Os for Officers attached to branches and HRM for Officers attached to H.O. Department.

### NOTE:

150% HRA will be paid only from the date when an officer submits Declaration.

(v) **HOUSE RENT ALLOWANCE (HRA) ON CAPITAL COST BASIS:** When any Officer resides in his own house, he may claim HRA in terms of Regulation 22 of OSR, 1979 on the basis of either (1) Municipal Tax + 12% of the Capital Cost of the accommodation or (2) the Annual Rental Value taken for Municipal Assessment of the accommodation. The term Capital Cost will mean the original cost of the flat/building and the cost of additions/alterations, improvements etc. to date. It shall not include the cost of installation of wooden selves, almirah and any other fixtures of this type.

Whenever capital appreciation of the property takes place (for own house) by way of additional construction / repairs & renovation, officer should submit a revised Declaration with supportive document from chartered valuer/surveyer to ensure getting 150% HRA on continuous basis. If the Officer has availed Housing Loan from the Bank, the certificate in the prescribed format from the Officer of the Bank deputed to inspect the completion of the house is acceptable. The payment of HRA at enhanced rate, if eligible shall be made from the date of completion of the construction or one month preceding to the date of application for increase in HRA whichever is later (SCL/26/83 dated 01.03.1983)

Similarly, Officer on transfer to place where he/she owns a house / takes house for rent, has to submit fresh Declaration form to the sanctioning authority.

Likewise, as and when rent is enhanced by the Landlord, fresh Declaration form should be submitted.

This will enable the officer to claim 150% of standard HRA amount WITHOUT BREAK.

### EXAMPLE :

Scale I officer with a basic pay of Rs.22500/- owning a house in Major 'A' class city, with a Capital cost of Rs.5 lacs and municipal taxes of Rs.4000/ per annum.

Annual Rental value (12% of capital cost of land and building and municipal taxes i.e. (Rs.60000 + Rs.4000)	Rs. 64000
1. Monthly rental value (annual rental value divided by 12)	5333
LESS 1.20% of first stage of scale i.e. Rs.14500/	174
	5159
1. Standard HRA i.e. 8.5% of basic pay	1912
2. 150 % of standard HRA	2868
Eligible HRA (least of (1) & (3) <b>(b)</b> )	2868
<b>RENTED HOUSE</b>	

### Example: I

Scale I officer drawing basic pay of Rs.21700/- produces a rent receipt for Rs.4000/- per month in Major A class city.

	Rs.
1. Actual Rent paid	4000
Less: 1.20% of the first stage in the scale i.e. Rs.14500/-	174
	3826

2. Standard HRA i.e. 8.5% of pay	1844
3. 150% of standard HRA	2766
Eligible HRA (least of (1) & (3))	2766

**Example : II**

Scale II Officer whose Basic Pay is Rs.20,900/- Produces rent receipt of Rs.3,000/- per month.

	(A)	(B)	(C)
	Major 'A' class Cities	Area I	Other Places
(1) Actual Rent Receipt	3000.00	3000.00	3000.00
Less 1.2% of the first stage i.e.19,400/-	232.80	232.80	232.80
TOTAL	2767.20	2767.20	2767.20
(2) Standard HRA @	1776.50	1567.50	1358.50
	8.5% of Pay	7.5% of Pay	6.5% of Pay
(3) 150% of Standard HRA	2664.75	2351.25	2037.50
Eligible HRA (least of 1 & 3 above)	2664.75	2351.25	2037.50

**Example : III**

Scale III officers whose Basic Pay is 28900/- produces Rent Receipt of Rs.4,000/- per month.

	Major 'A' class Cities	Area I	Other Places
(1) Actual Rent Receipt	4000.00	4000.00	4000.00
Less 1.2% of the first stage Rs.25700/-	308.40	308.40	308.40
TOTAL	3691.60	3691.60	3691.60
Standard HRA @	2456.50	2167.50	1878.50
	8.5% of Pay	7.5% of Pay	6.5% of Pay
(3) 150% of Standard HRA	3684.75	3251.25	2817.75
Eligible HRA (least of 1 & 3 above)	3684.75	3251.25	2817.75

1. **NOTE:** 100% exemption from Income Tax is available for those who receive 150% HRA by producing Rent Receipt under Section 10 (13 A) of Income Tax Act subject to the following norms.

- a) Actual HRA received OR
- b) Excess of Rent paid over 1/10th of the salary OR
- c) An amount equal to 50% of the salary if accommodation is at four Metros Viz. Delhi, Mumbai, Kolkata and Chennai Or 40% of the salary if the accommodation is in other areas

**WHICHEVER IS LESS.**

- For the above purpose, salary means Basic Pay only.