



### Guidelines for HRA Exemption.

An employee can claim exemption on his HRA under the Income Tax Act if he stays in a rented house and is in receipt of House Rent Allowance from his employer. In order to claim the deduction, an employee must actually pay rent for the house which he occupies. The deduction will be available only for the period during which the rented house is occupied by the employee.

Particulars	Documents Required	Guidelines
House Rent Allowance (HRA)	<p>1) Rental Agreement is mandatory.</p> <p>2a) Original rent Receipts one for each (Month / Quarter / Year) pertaining to current financial year (Apr '16 to Mar '17)</p> <p>2b) Original rent receipts to attached along with system generated Form 12BB (hard copy) and dropped in the drop box.</p> <p>3) Rent Receipt should contain</p> <ul style="list-style-type: none"><li>• Rent paid for the period</li><li>• Name and signature of landlord</li><li>• Complete address of the property</li><li>• PAN of Landlord (in case rent is &gt; Rs.8333/- per month)</li><li>• Revenue stamp to be affixed (Not mandatory for Karnataka)</li><li>• Receipt to be signed by Landlord across revenue stamp.</li></ul> <p>4) In case Leave and License Agreement is with relatives, Registered agreement to be submitted along with Rent receipts for all months.</p> <p>5) Declaration for rent due for the month of January, February and March to be submitted.</p> <div> Declaration for Rent due for Feb &amp; March.</div> <div> Form 60 No PAN Declaration.pdf</div>	<ul style="list-style-type: none"><li>✓ HRA is exempt to the least of the following:<ul style="list-style-type: none"><li>○ 40% of Basic (50% in case of Metro cities)</li><li>○ HRA Received</li><li>○ Rent paid less 10% of Basic</li></ul></li><li>✓ Landlord PAN should be mandatory if the rent exceeds <u>Rs. 8333/-</u> per month.</li><li>✓ In case of non-availability of Landlord PAN employees are required to submit declaration in Form 60 (Format attached).</li><li>✓ Rent agreement has to be in the name of the employee.</li><li>✓ Auditors have the right to call for the original documents for scrutiny on case to case basis.</li><li>✓ In case of multiple tenants, pro-rata rent will be considered, provided the employee's name is there in the agreement and employee must submit the rent receipt for the same.</li><li>✓ Maintenance and other charges are not considered for HRA. Only actual rent paid will be considered.</li><li>✓ If Loss on self-occupied property is claimed for the same period and same city, then HRA rent is disallowed for the overlapping period.</li></ul>

For more information or clarifications please open a [Payroll Service Request](#).