

THE HINDU Business Line

I-T exemption limit on home loans may be hiked

PTI

New Delhi, Feb 12:

In a bid to boost housing sector credit, the Government is contemplating to enhance the income-tax exemption for up to Rs 3 lakh paid as interest on housing loans in a year from the existing limit of Rs 1.5 lakh.

The Government is considering to raise the tax deduction limit for housing loan in the coming Budget, sources said.

The Budget is scheduled to be tabled on March 16.

At present, a deduction of up to Rs 1.5 lakh is available from taxable income towards interest on housing loans. Besides, borrowers can enjoy exemption on payment of principle amount. However, it is part of exemption to savings capped at Rs 1 lakh per annum.

With the property prices and interest rates rising with each passing year, there is a need to revise the limit, the sources said.

In order to arrest the declining growth rate, the industry associations have demanded raising the tax exemption limit for housing loans.

According to FICCI Secretary General, Mr Rajiv Kumar, the exemption should be harmonised with the rising interest rates and increased to at least Rs 2.5 lakh.

“We recommend that the existing tax deduction limit on income-tax of an individual should be increased from the current level of Rs 2.5 lakh to at least Rs 5 lakh,” CII Director-General, Mr Chandrajit Banerjee, said.

Of this, Rs 3 lakh should be towards interest payment to offset the impact of high interest rates, he said, adding that the remaining Rs 2 lakh should be exclusively towards principle loan repayment as the present limit of Rs 1 lakh is already overcrowded with several other items.

Echoing views, Assocham and PHD chamber said that the exemption limit needs to be raised both for interest and principle.

As per the Direct Taxes Code, which would replace the decades-old Income-Tax Act, there is income-tax exemption for up to Rs 1.5 lakh paid as interest on housing loans in a year.

Keywords: [Home loans](#), [tax deduction limit](#), [government](#), [union budget](#)

