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INCOME-TAX ACT, 2025

B.: Deductions in respect of certain payments

Section 134 - Deductions in respect of rents paid.

(1) In computing the total income of an assessee, subject to other provisions of this section, there shall be deducted any expenditure incurred by him towards payment of rent (by whatever name called) in respect of any furnished or unfurnished accommodation occupied by him for the purposes of his own residence.

(2) The deduction under sub-section (1) shall be allowable on payment of such rent exceeding 10% of his total income, subject to a maximum of ₹ 5000 per month, or 25% of total income for tax year, whichever is less.

(3) For the purposes of deduction under sub-section (1), such other conditions or limitations having regard to the area or place in which such accommodation is situated and other relevant consideration, as may be prescribed, shall be taken into account.

(4) No deduction under this section shall be allowed to an assessee in any case, where—

(a) any residential accommodation is—

(i) owned by the assessee or by his spouse or minor child or, where such assessee is a member of a Hindu undivided family, by such family at the place where he ordinarily resides or performs duties of his office or employment or carries on his business or profession; or

(ii) owned by the assessee at any other place, being accommodation in the occupation of the assessee, the value of which is to be determined under section 21(6) or (7)(a); or

(b) the assessee has any income falling in Schedule III (Table: Sl. No. 11).

(5) For the purposes of this section, the expressions “10% of his total income” and “25% of his total income” shall mean 10% or 25%, as the case may be, of the total income of the assessee before allowing deduction for any expenditure under this section.

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