

# Assessee paying rent to wife entitled to claim HRA benefit: ITAT

## FACT OF THE CASE

1. The assessee claimed the benefit of House Rent Allowance (HRA) on rent paid to his wife from September 2012 to March 2013. During the assessment proceedings, Assessing Officer (AO) asked the assessee to explain the capacity of his wife to purchase the property.
2. Assessee said that his wife had purchased the property for which he funded Rs. 87.50 lacs, and the remaining amount was invested from her sources, i.e., the maturity of Fixed Deposits. However, AO noticed that the assessee's wife had no independent source of income to invest in FDs. Thus, he clubbed the rental income in the hands of the assessee.
3. CIT(A) confirmed the order of AO. Aggrieved-assessee filed the instant appeal before the Delhi Tribunal.

## DECISION OF THE CASE

1. The Delhi Tribunal held that though the assessee's wife had low returned income, she had received a loan from the assessee. She also duly repaid that loan from the redemption of mutual funds and liquidation of fixed deposits. There is no bar on the part of the assessee to extend a loan from his known sources of income to his wife. Similarly, there is no bar on the assessee's wife to repay the loan from her mutual funds and fixed deposits.
2. The assessee had paid house rent, and the recipient, the assessee's wife, had declared the same under the head's income from house property in her returns which was accepted by the revenue. The house was also registered in the name of the wife. The observation that the assessee had got inadequate income; hence he couldn't afford to purchase a house can't be accepted as the sources for purchase of the house in the hands of the wife were proved rather never doubted.
3. Further, CIT(A) contention that the husband cannot pay rent to the wife is devoid of any legal implication supporting any such contention. Hence, keeping in view the entire facts of the case, the benefit of HRA was to be allowed to the assessee.