NRI Property Tax Cheat Sheet

Every India property tax rule an NRI needs, on two pages — 2026 edition

Scope: this cheat sheet covers the four moments where NRI property owners face Indian tax obligations: purchase, holding period, rental income, and sale. Rates and thresholds are as at October 2026. This is a quick reference, not tax advice; always confirm with a qualified Chartered Accountant for your specific case.

1. Tax Obligations at Purchase

Item	Rate / Rule	Notes
TDS by buyer on purchase > Rs. 50 lakh	1% of sale value	Form 26QB deposit within 30 days of month end
Stamp duty (Telangana)	~4% of higher of sale value or govt value	Applies to sale deed
Transfer duty (Telangana)	~1.5% of higher of sale value or govt value	Additional to stamp duty
Registration fee	~0.5% of higher of sale value or govt value	Paid at SRO with e-Stamp
GST on under-construction	5% (residential) or 1% (affordable)	On sale value; not on ready-to-move

2. Tax Obligations During Holding Period

Item	Rate / Rule	Notes
Property tax to GHMC	Varies by zone and property type	Annual; typically Rs. 2,000 to 30,000+
VLT on vacant plots	GHMC rate for the zone	Annual; must be registered for VLT
Deemed rental income (2nd property)	Taxable if 2+ self-occupied properties	Rules for self-occupied vs let-out
Wealth tax	Abolished from AY 2016-17	No wealth tax on Indian property

3. Tax on Rental Income (Section 195)

Item	Rate / Rule	Notes
TDS by tenant on rent (Sec 195)	31.2% incl surcharge and cess	Tenant deducts and deposits monthly
30% standard deduction	On gross annual rent after municipal tax	For maintenance and repairs
Home loan interest deduction	Actual interest paid; no cap on let-out	For let-out property
Municipal tax deduction	Only if actually paid by owner	Deducted from gross rent
Effective tax rate	Slab rate on net rental income	File return; claim refund of excess TDS
ITR filing	ITR-2 for NRI with rental income	By 31 July following the financial year

4. Tax on Property Sale (Capital Gains)

Item	Rate / Rule	Notes
STCG (held < 24 months)	Slab rate; TDS at 31.2%	Higher rate; try to hold longer for LTCG
LTCG (held ≥ 24 months)	20% with indexation OR 12.5% without	Section 112A gives choice from AY 2025-26
TDS by buyer on LTCG sale	20% with cess/surcharge on total value	Not on gain only; hence Lower TDS route
Lower TDS Certificate (Sec 197)	Reduces TDS to actual liability	Apply via Form 13 before sale; 4-8 weeks
Sec 54 exemption	Reinvest gain in 1 residential property	Held 2 years; deposit in CGAS if not used
Sec 54F exemption	Reinvest full sale value in 1 residential	From non-residential sale; conditions apply
Sec 54EC bonds	Invest gain up to Rs. 50 lakh in specified bonds	5 year lock-in; NHAI or REC bonds

5. Repatriation and FEMA Rules

Item	Rate / Rule	Notes
NRO repatriation limit	USD 1 million per financial year	Includes principal and rental income
NRE repatriation	Freely repatriable, no limit	For foreign source or eligible transfers
Form 15CA	Declaration by remitter	For all NRO outward remittances
Form 15CB	CA certificate on tax paid	For remittances above threshold
DTAA relief	Between India and country of residence	File Tax Residency Certificate

6. NRI Compliance Calendar

When	What to Do	Where / Form
Every month	Deposit TDS on rent by tenant	Form 26QC / online e-tax
Every quarter	File TDS return (tenant)	Form 26Q
31 July	File Indian income tax return	ITR-2 online
31 July	Pay self-assessment tax if any	Challan 280
Before sale	Apply for Lower TDS Certificate	Form 13; jurisdictional AO
On sale	Ensure buyer deducts correct TDS	Form 26QB (if buyer resident)
Post sale	File 15CA/CB for repatriation	Bank + CA

7. Costly Mistakes to Avoid

Assuming rental TDS is 10%. The 10% rate is only for residents. NRIs face 31.2% until a Lower TDS Certificate is issued

Rental income to NRE account. Rental income is Indian source; must go to NRO. Depositing to NRE creates FEMA and audit issues

Skipping Lower TDS Certificate before sale. Costs the seller lakhs in blocked cash flow until refund. Apply 2-3 months before sale.

Missing Form 26QB for buying > Rs. 50 lakh. Buyer liable for interest and penalty; not just an NRI issue but very common

Not filing Indian ITR because no tax owed. NRIs with any Indian income should file to claim TDS refund and maintain a clean record

Family account for rent to skip NRO. Creates tax exposure for the family member; no clean NRI record of income.

Need help managing NRI property tax compliance? Talk to Probity.

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