UDESH REGULAR

FOR GROUP–1, MAY 2024

- Subject- Income Tax
- Chapter- Heads Of Income - PGBP
- Lecture No.-02

Recap of Previous Lecture

Topic Section 28 | 30 | 31

Topics to be Covered

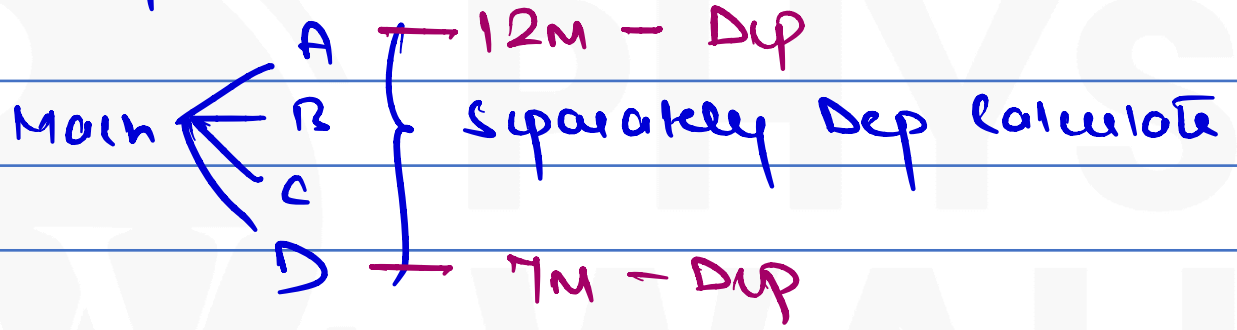
Topic 5.32 Depreciation

Topic: Depreciation.

→ Mainly ⇒ WDV. (Written down Value Method)

↳ Exception → Power Generation ⇒ option to opt SLM

→ AICs ⇒ Dep claim on Individual Asset



→ Income Tax → Dep claim on block of Asset (Group of Asset)

Asset same class
Asset rate of Dep
} Group.

Machine ⇒ A = ₹ 1,00,000 = 15% } Block Moth 15%
B = ₹ 2,00,000 = 15% } = 3,00,000

C = ₹ 1,50,000 = 30% } Block Moth 30%
D = ₹ 1,90,000 = 30% } = 3,40,000

Income Tax → Block of Asset + WDV method

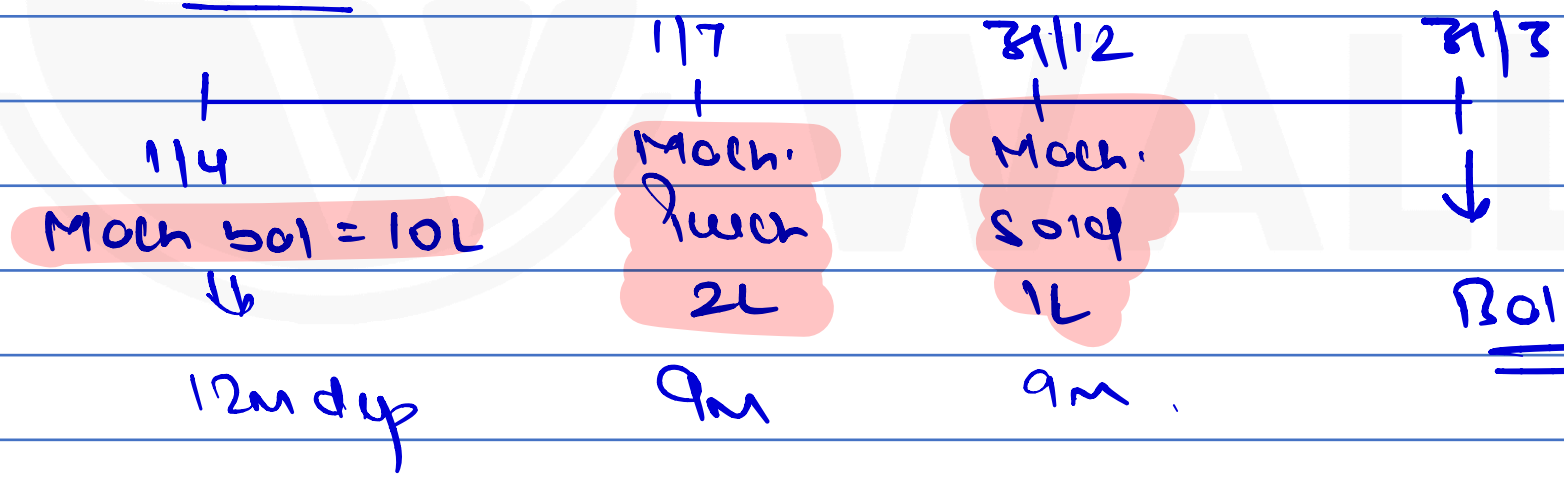
Block of Asset	
Opening WDV of Asset	—
+ Asset purchased during Py	—
- Asset sold/discarded during Py (Sale Value ie Amt recd on sale or disard of Asset)	(-)
Closing WDV As on 31/3/Py	—

↓
Depreciation Charge

Note:- Date of Purch & Date of Sale is not relevant ie Dep under Income Tax is not charged for fraction of Period

Under Income Tax dep u/s 32 is always charged on Cl. WDV of block As on 31/3/14.

Ans.



Eg 1

Block Moth 15%

Op WDV (A/B/C) ₹10,00,000

During FY 23-24

Asset D Acq on 1/9/23 ₹3,00,000

Asset B Sold on 1/12/23 ₹4,00,000

Calculate Dep As per Income Tax.

Block 15%	₹
Op. WDV A/B/C	10,00,000
+ Asset Purch during FY (D)	3,00,000
− Asset Sold/discard	(4,00,000)
Cl. WDV As on 31/3/24	9,00,000

Dep = 9,00,000 × 15% = 1,35,000

Next Year op WDV is As on 1/4/24

(9,00,000 - 1,35,000) 765000

Note:- If Asset is Purchased but not put to use then No dep allowed on such Asset

eg Op. WDV 1/4/23 A/B/C ₹10,00,000

During fy 23-24 following Asset purchased

Asset	Date of Purch		Amt	Date of put to use	
D	1/7/23	23-24	200000	1/8/23	23-24
E	1/12/23	23-24	300000	1/5/24	24-25

Asset B & C Sold for ₹ 2,50,000

Calculate Dep for fy 23-24. Dep Rate 15%

Block 15%

			₹
Op. WDV	A/B/C		10,00,000
+ Asset purch during year			
	D	2,00,000	
	E	3,00,000	5,00,000
- Sold/discarded	B/C		(2,50,000)
	Cl. WDV	A/D/E	12,50,000
Depreciation	(12,50,000 - 3,00,000) x 15%		1,42,500
Op. WDV 1/4/24	(12,50,000 - 142500)		11,07,500

eg

Block 15%

- Op WDV A/B/C ₹ 5,00,000
- During Year Purch.
  - D 4,00,000
  - E 5,00,000 (Not put to use)
- Sold A = ₹ 6,00,000

Calculate Dep for year.

Op WDV A/B/C		5,00,000
Asset Purch		
D	4,00,000	
E	5,00,000 (Not Put to use)	9,00,000
(-) Sold		6,00,000
Cl WDV B/C/D/E		8,00,000

Dep = (8,00,000 − 5,00,000) @ 15% = 45000.

Next Year op WDV = 8,00,000 - 45000 = 7,55,000.

Dep @ Half Rate

Dep is allowed @ Half rate if foll. cond. are satisfied

(a) Asset purchased & put to use in some previous year
(b) put to use period < 180days during PY

eg Mach. A Purch = 1/7/23 ⇓ 23-24 put to use = 1/12/23 ⇓ 23-24

put to use period = 1/12/23 - 31/3/24 = 122d

Mach. A dep allow = Half rate

eg — Mach. A Purch 1/7/23 ↓ 23-24 Put to use = 1/12/24 ↓ 24-25 ↓ 31/3/25 only for 1day

23-24 ⇒ No dep allowed, As Asst is not put to use

24-25 ⇒ full dep allowed, No need to check No. of days for which Asst is put to use, As Asst was purchased in last year.

2 mins Summary

Topic Deprivation

Topic Overshoot

Thank You