UDESH REGULAR

FOR GROUP-1, MAY 2024

- Subject- Income Tax
- Chapter- Heads Of Income - PGBP
- Lecture No.-03

Recap of Previous Lecture

Topic SECTION 32 – DEPRECIATION

$P_W \Rightarrow \underline{0405\ KW}$

Topics to be Covered

Topic 5.32 Depreciation

Topic: Depreciation. At half rate

Asset Purch	Asset Put to Use	Put to Use	Dep Rate
10/7/2023 23-24	11/8/2023 23-24	244d	Full
10/7/2023 23-24	3/10/2023 23-24	181d	Full
10/7/2023 23-24	4/10/2023 23-24	180d	Full
10/7/2023 23-24	5/10/2023 23-24	179d	Half
10/7/2023 23-24	28/3/2024 23-24	4d	Half
10/7/2023 23-24	28/4/2024 24-25	Not Relwont	Full
10/7/2023 23-24	28/3/2025 24-25	Not Relevont	Full

* Full Rate of Depreciation ⇒ Closing WDV of block
* Half Rate of Depreciation ⇒ Asset value

Eg Block - 15%

Op WDV A|B|C ₹ 10,00,000

Asset	Purch	Put to Use	Value
D	10/7/23	15/7/23	2,00,000
E	10/8/23	5/10/23	1,50,000
F (23-24)	10/9/23	11/3/25 (24-25)	3,00,000

Asset B (23-24) Sold 1/1/24 = ₹ 2,00,000

C Sold 1/2/25 (24-25) = ₹ 1,00,000

Calculate Dep 23-24 & 24-25

FY 23-24 Total Dep

⇒ 11250 + 150000

= 161250

Next year op WDV.

= 14,50,000 − 161250

= 12,88,750

FY 2023-24

Block 15%

		₹
op WDV (A|B|C)		10,00,000
Asset Purch.		
D	2,00,000	
E	1,50,000	
F	3,00,000	6,50,000
Sold (B)		(2,00,000)
Closing WDV		14,50,000

F

Not Put to use

3,00,000

NO Dep 23-24

E

Acq & Put to use in 2023-24 & PTU < 180d

150000 × 7.5%

= 11250

Balance Cl. WDV i.e ₹10L

Full cost Dep

i.e 10L × 15%

= 150000

PY 2024-25

	₹
op WDV (A/C/D/E/F)	12,88,750
+ Asset purch during year	—
− Asset sold	1,00,000
Cl. WDV 31/3/25	11,88,750
	—
Half rate / full rate 1188750 × 15%	1,78,313

① ②

Note:- First charge Half rate of Dep & then on balance Cl. WDV full dep is charged

eg — Block 15%

op WDV (A/B/C) 10,00,000

Asset Purch & put to use		Value
D	10/7/23	200000
E	5/10/23	300000

Asset B & C Sold ₹ 6,00,1000

Calculate Dep

PY 23-24

op WDV (A/B/C)		10,00,000
Asset Purchased		
D	200000	
E (179d)	300000	5,00,000
		6,00,000
Sold B & C		9,00,000
Cl. WDV		
Half rate = 3L × 7.50%		22500
full rate = (9L − 3L) × 15%		90,000
Total Dep →		1,12,500

Suppose In Above Question B & C Sold for ₹ 12,50,000

	FY 23-24		
Op WDV (A/B/C)			10,00,000
Asset Purchase			
D		200000	
E (179d)		300000	5,00,000
Sold B & C			(12,50,000)
Cl. WDV			2,50,000
Half rate	250000 x 7.5%		18750
Full rate			—
			18,750

Compare Cl. WDV with Value of Asset eligible for Half rate Dep

↓

Cl. WDV > Half Rate Asset Value

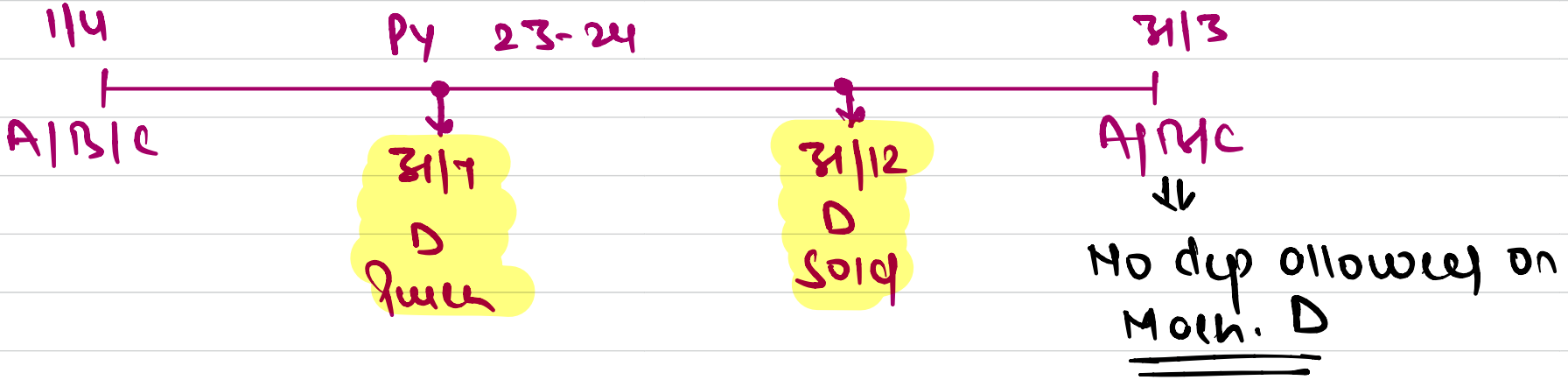
Yes ↓

Half rate Asset ⇒ Charge HR
Bal Cl. WDV ⇒ Charge FR

No ↓

only Half rate of Dep is charged

Note:- If Asset is purchased during the year & sold in same year → Then No dep is allowed on that Asset



Block 15%

Eg

Op WDV A/B	1/4/23	₹ 4,00,000
Asset C Purch & Put to use	5/10/23 (179d)	₹ 3,00,000
Asset C Sold	10/3/24	₹ 2,00,000

Calculate Dep 23-24

Block - 15%

	₹
Op WDV A/B	4,00,000
+ Asset purch 'C'	3,00,000
− Asset Sold 'C'	(2,00,000)
Cl. WDV (A/B)	5,00,000

Half rate (No Half Rate As Asset C is sold during PY) —

Full rate 5L × 15% 75000

Suppose in Above Eg B is Sold

Block - 15%

	₹
Op WDV A/B	4,00,000
+ Asset purch 'C'	3,00,000
− Asset sold 'B'	(2,00,000)
Cl. WDV (A/C)	5,00,000

Half rate	3L @ 7.50%	22500
full rate	2L @ 15%	30,000
		52500

Suppose in Above Eg A & B Sold

Block - 15%

	₹
Op WDV A/B	4,00,000
+ Asset purch 'C'	3,00,000
− Asset sold 'A & B'	(2,00,000)
Cl. WDV ('C')	5,00,000

Half rate	3L @ 7.50%	22500
full rate	2L @ 15%	30,000
		52500

(A)

		₹
op WDV (X/Y)		6,00,000
+ Purch (Z)		3,00,000
− Sold (Z)		(4,00,000)
	C.WDV (X/Y)	5,00,000

Half rate (NA, As Asset Z Sold) −

Full rate 5L × 15% 75,000

(B)

		₹
op WDV (X/Y)		6,00,000
+ Purch (Z)		3,00,000
− Sold (X)		(4,00,000)
	C.WDV (Y/Z)	5,00,000

HR 3L × 7.50% 22,500

FR (5L − 3L) × 15% 30,000

52500

		₹
op WDV (X/Y)		6,00,000
+ Purch (Z)		3,00,000
− Sold (X/Y)		(4,00,000)
	Cl. WDV (Z)	5,00,000

HR	3L × 7.50%	22,500
FR	(5L − 3L) × 15%	30,000
		52500

Depreciation Allowed if following 2 Condi. are Satisfied :-

(a) If Asset Exist in Block on last day of PY

(b) Block has Value on last day of PY

When No Depreciation Is Allowed

(A) When All the Assets of Block Are Sold

(B) When few Assets of Block are sold but Sale Value exceed Block Value

(A) When All Assets of Block are Sold

- No Dep allowed As Block ceases to exist
  ↳ Block doesn't Exist Anymore

Situation 1 Sale Value > Block Value (Situation of Profit)

U/s 50 Short Term Cap. Gain = Sale Value − Block Value

Situation 2 Sale Value < Block Value (Situation of loss)

U/s 50 Short Term Cap. Loss = Block Value − Sale Value

eg Block - 15%

Op. WDV AY B/F	₹ 10,00,000
Asset Purch D/E	₹ 4,00,000

⇒ ₹ 14,00,000

All Assets sold for
(A) ₹ 12,50,000
(B) ₹ 16,00,000

PyBP → No Dep allowed u/s 32, As All Assets of block are sold ie Block ceases to Exist

U/H Cap. Gain

(A) Sale Value = 12,50,000

u/s STCL ⇒ Block Value − Sale Value
= 14,00,000 − 12,50,000
= 1,50,000

(B) Sale Value = 16,00,000

U/s 50 STCG = Sale Value − Block Value
= 16,00,000 − 14,00,000
= 2,00,000.

(B) When few Assets of Block are sold but Sale Value < Block Value

U/H PGBP :- No Dep Allowed, As Block Exist with "NIL Value"

U/H Cap. Gain STCG u/s 50 ⇒ Sale Value − Block Value

Eg Op WDV A/B/C ₹6,00,000

Bought & put to use 1/7/23 ₹200000

Asset B & C sold

(a) ₹ 9,00,000 (b) ₹ 5,00,000

op WDV (A/B/C)
+ Purch & put to use (D)
(-) Sold B/C
Cl. WDV (A/D)
Dep @ 15% of Cl. WDV.

(A)	(B)
6,00,000	6,00,000
2,00,000	2,00,000
(8,00,000)	(5,00,000)
NIL	3,00,000
NIL	3L X 15% = 45000 Dep allow.

* Block exist but with NIL value
* Block C/f Next year with NIL op WDV.

B: Asset A/D exist in block — Block has Value

U/H Cy

U/s 50 STCG = Sale Value − Block Value
= 9,00,000 − 8,00,000
= 1,00,000

Next Year

	A/D		
op WDV		NIL	NIL
+ Purch		−	−
− Sold		−	−
Cl. WDV	A/D	NIL	NIL
		No dep	

2 mins Summary

Topic Deprivation

Topic Overshoot

Thank You