

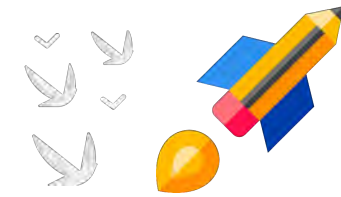


UDESHEREGULAR

FOR GROUP-1, MAY 2024

- Subject- Income Tax
- Chapter- Heads Of Income – PGBP
- Lecture No.-06

Recap of Previous Lecture



Topic

SECTION 32 - DEPRECIATION

ICAI = III 1-3

TYK 2

Pw ILL = 12

Topics to be Covered



Topic

S. 32 Depreciation

S. 35 Scientific research

PHYSICS
WALLAH

Topic: Additional Depreciation.



<u>OB</u>	Block 10%	Block 15%	Block 40%	Block 40%	Block 15%
	Furn	PIM	PIM	Comp.	Car
Op w DV	-	-	-	-	-
+ Asset	200000	Ac 100000	C 80000	D 100000 ✓	8,00,000
Acq. during		A 500000		F 150000	
py		B 20,00,000			
- Sold	-	-	-	-	-
<u>Cl. w DV</u>	2,00,000	71,00,000	80,000	2,50,000	8,00,000
<u>ND HR</u>	-	20L X 7.5% = 150000	-	-	
<u>FR</u>	200000 X 10% = 20,000	51L X 15% = 765000	80000 X 40% = 32000	250000 X 40% = 1,00,000	800000 X 15% = 1,20,000
<u>AD</u>	-	50L X 20% = 10,00,000	80000 X 20% = 16000	150000 X 20% = 30000	-

	$20L \times 10\%$ $= 200000$			
201000	21,15,000	48,000	1,30,000	1,20,000

Total Dep = 24,33,000

ILM TYK 1

Block 15%

Op. WDV (30L - 4.75L)		25.25L
+ Asset Acq. during year.		
New I/M (1-9-23)	10L	
New I/M (1-12-23)	<u>8L</u>	18L
- Sold		-
	CI. WDV 31/3/24	<u>43.25L</u>

OLD REGIME

<u>MID</u>	HK	$8L \times 7.5\%$	60,000
	FR	$(43.25L - 8L) \times 15\%$	528,750
<u>AD</u>	Purch Py 23-24	$10L \times 20\%$	} 2,00,000 }
	Purch Py 22-23	$10L \times 10\%$	
			<u>2,00,000</u>

$$\rightarrow \boxed{170 < 1800}$$

$$\rightarrow \boxed{40\% \times 1/2}$$

8,88,750

$$\frac{\text{Computer Dep HK } 4,00,000 \times 20\%}{\text{Total Dep}}$$

$$\frac{80,000}{9,68,750} *$$

New EQUITE \Rightarrow Add. dep Not allowed

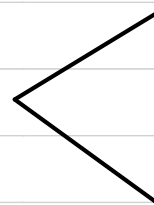
(-) Dep Including Add. dep
Additional dep

$$\frac{9,68,750}{(3,00,000)} = 6,68,750 *$$

Dep under Income Tax

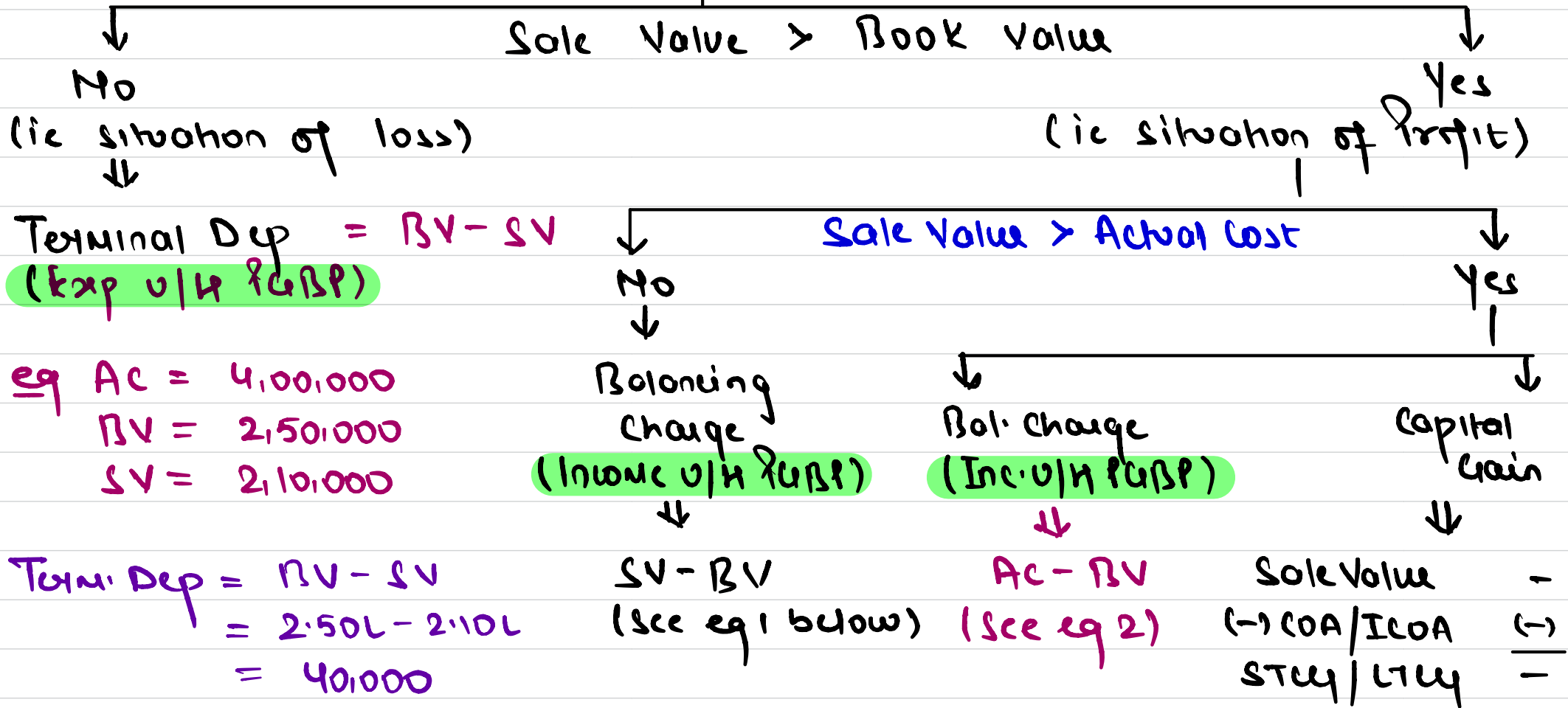
- \rightarrow N. dep \Rightarrow WDV + block of Asset
- \rightarrow A. dep \Rightarrow Specified Person
- \rightarrow Dep As Per SLM Method \Rightarrow Power Gen/Gen & dist

Power Gen/Gen & dist



WDV + Block of Asset
OPTION
Asset wise + SLM

Sale of Asset By Assessee who optes SLM (ie Assessee engaged in Power Gen.)



Note! If Asset Period of Holding upto 3yrs \Rightarrow STCY = $SV - COA$

Exceed 3yr \Rightarrow LTCY = $SV - ICOA$

COA = Cost of Acquisition, ICOA = Indexed Cost of Acquisition

eg 1 Asset Acq = ₹10L (life = 10yr)
Asset used = 2yr
Soy = 9,10,000

Show Tax Implication

2L Dep allow ie 8L Dr = Exp allowed

Asset soy = 9.10L }
Asset Acq = 10L } $\frac{\text{logically exp}}{10L - 9.10L = 90,000}$

Balance charge \Rightarrow SV - BV
 $= 9.10L - 8L$
 $= 1.10L$

$$\text{Dep} = \frac{10L}{10} = 1L \text{ p.a}$$

$$\text{Total Dep} = 1L \times 2 \text{ yr} = 2L$$

$$\text{BV} = 10L - 2L = 8L$$

eg 2 Asset Acq = 10L (life 10yr), Used = 2yr, Soy = 11L

Dep allowed under I-Tax = $\frac{10L}{10 \text{ yr}} \times 2 \text{ yr} = 2L \leftarrow$

Book Value = $10L - 2L = 8L$

Asset AC = 10L } logically Exp on Asset = NIL
Asset SV = 11L

• Balancing charge = $AC - BV$
 $= 10L - 8L$
 $= 2L$

• STU = $SV - COA$ ie $11L - 10L = 1L$

Q118 Pw

$AC = 5,00,000$

$BV = 4,50,000$

(i) Sale Value = 3,50,000

$SV < BV \rightarrow$ Terminal Dep = $BV - SV$
 $= 4,50L - 3,50L = 1,00L$

(ii) $SV = 4,80,000$

$SV > BV$ but $SV < AC \Rightarrow$ Bal charge = $SV - BV$
 $= 4,80L - 4,50L = 3,00L$

(iii) $SV = 6L$

$SV > BV$ And $SV > AC$

◦ Bot. charge = $AC - BV$ i.e. $5L - 4.50L = 50,000$

◦ STC = $SV - AC$ i.e. $6L - 5L = 1,00,000$.

5 MIN BREAK

11:38

S. 35 SCIENTIFIC RESEARCH (Research & Development)

✓ A. In-house Research (MUST BE RELATED TO BUSINESS)

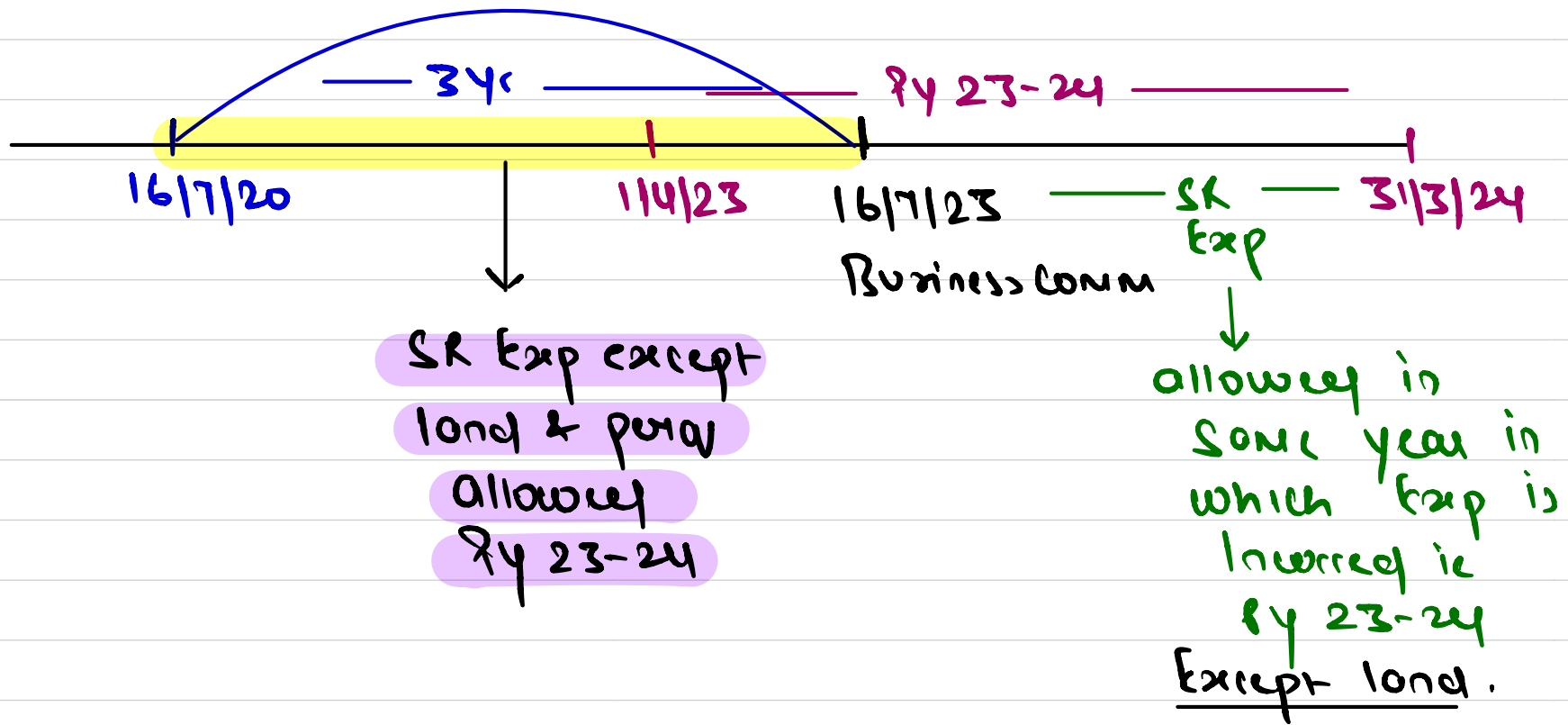
* Revenue exp = 100% allowable to be dr. to P/L

* Cap. Exp = 100% exp allowable except exp. on long

NOTE:- * Exp. Incurred on SR before comm. of business shall be allowable in year in which business is commenced.

* Maximum 3 yrs preceding date of comm. of business

* Before comm. of business period pay to EEs engaged in SR, such exp shall not be allowed.



eg B. Comm 16/7/23. Following exp on SR :-

15/5/20	Machine	₹ 500,000	Not allowed	More than 3yr
19/9/20	L/B	₹ 15,00,000	(land value = 9L)	by the C.O.B
16/7/21	RM	₹ 6,00,000		
16/7/22	Salary	₹ 6,00,000	(Incl. Perw = ₹ 2.50L)	
16/12/23	Moth	₹ 4,00,000		

16/1/24 RM of 2,00,000.

Exp allow v/s 35

Moh	15/5/20	=	Not allow
Build	19/9/20	=	15L - 9L = 6L
RM	16/7/24	=	= 6L
Salary	16/7/22	=	6L - 2.50L = 3.50L
Moh	16/12/23	=	4L
RM	16/1/24	=	2L
			<u>21.50L</u>

NOTE:- Revenue exp on SR \Rightarrow Always allowed irrespective of profit

Cap. exp on SR \Rightarrow Allow to the extent profit is available, if sufficient profits not available then Balance Cap. expenditure shall be CF \rightarrow Unlimited time period

eg R. exp = 2,00,000 C. exp = 3,00,000
Profits before SR expend. (a) 8,00,000
(b) 3,00,000

(C) 1,00,000

	Case A	Case B	Case C	Case D
Profit by SR Exp	800000	300000	100000	(50000)
(-) Rev. SR on Exp	(200000)	(200000)	(200000)	(200000)
Profit by cap exp on SR	600000	100000	(100000)	(250000)
(-) Cap exp on SR	(300000)	(1,00,000)	—	—
Profit	300000	NIL	(100000)	(250000)
		↓	↓	↓
		C. Exp C/F	C. Exp C/F	C. Exp C/F
		2L	3L	3L

(B.) CONTRIBUTION FOR SCIENTIFIC RESEARCH TO O/S AGENCY
 (RESEARCH MAY OR MAY NOT BE RELATED TO BUSINESS)

- National lab.
- IIT
- Approved college / University / Institute
- Indian comp. (Main object conduct SR)

For conduct of Scientific research, Statistical research, Social Science research } 100% Exp allow

Pill 10

Cont to Ops Agency

K Research Itel (Approved)

20L

LMN

15L

OPQ College (Unapproved)

NA

National Job

8L

43L

Inhouse Research

Math.

25L

Salary

12L

37L

Total Devulthion $\Rightarrow 43L + 37L = 80L$



2 mins Summary



Topic

Depreciation / Scientific research.

Topic

Question

PHYSICS
WALLAH



Thank You

