

Income from PGBP

EXPENSES ALLOWABLE (IT SHOULD BE DEBITED IN PROFIT AND LOSS A/C)

1. Repairs, Insurance, Municipal tax and Rent in respect of Building used in business or profession.
2. Repairs, Insurance premium and Rent in respect of Plant & Machinery or Furniture used in business or profession.

Any capital repairs regarding building or Plant & Machinery or Furniture shall not be debited in P&L A/c, the same will be added in actual cost of Asset and depreciation will be allowed.

Any rent paid to Sole Proprietor shall not be allowed.

Where any tenant businessman or professional, incurred capital expenditure on tenanted building which is used in business or profession, the total cost of capital repairs will be treated as deemed building and depreciation will be allowed.

3. Amount incurred to obtaining Telecommunication License [Section 35ABB]

ACTUAL amount PAID for obtaining Telecom. license will be AMORTISED EQUALLY during the UNEXPIRED LIFE .

4. Expense incurred on Amalgamation or Demerger [Section 35DD]

Expenses on Amalgamation or Demerger will be amortised under 5 equal annual instalment

5. Compensation paid under Voluntary Retirement Scheme [Section 35DDA]

Actual amount PAID for VRS will be amortised under 5 equal annual instalment

6. Donation

Section 35AC: Amount incurred on Eligible Project (social & economic welfare) approved by National committee.

Section 35CCA: Amount contributed towards National fund for Rural Development or National Urban Poverty Eradication Fund

Section 35: Amount Contributed towards Research association, Institution or University.

A) Donation made towards Weighted Deduction

National Laboratory 200%

Indian Institution of Technology 200%

University u/s 35(2AA) 200%

Specified Person u/s 35(2AA) 200%

Approved Research Association or 2 Social Science or Statistical 175%

Institution or college or university Research

B) Other kind of Research 125%

Approved INDIAN COMPANY (main object of company is R&D) 125%

DEPRECIATION CALCULATION

Opening WDV of the Block of Assets as on 1st day of relevant previous year XXX

ADD: ACTUAL COST of Asset acquired and put to use during the year

LESS: MONEY PAYABLE in respect of Asset sold, destroyed or discarded during the (XX) relevant previous year along with scrap value, if any

= WDV for Claiming Depreciation XXX

Less: Depreciation Actually Allowed for relevant AY (XX)

=Closing WDV (same will be taken as opening WDV for next year) XXX

NOTES-

Note 1: Money payable means, amount payable by other person (buyer or Insurance company), without reducing the cost of transfer.

Note 2: Where WDV for Claiming Depreciation becomes negative, then it will be taken Nil and no depreciation will be calculated accordingly.

Note 3: Money Payable means only cheques, cash, draft, or other bank mode. If any asset is received from Insurance Company on account of destruction of asset, Money payable in such case will be taken nil.

Note 4: Where any business is succeeded, the predecessor or successor both will be eligible to claim depreciation on the assets transferred under succession (in the ratio of number of days used).

Note 5: Where any asset is put to use less than 180 days in the year of acquisition, half rate of depreciation will be allowed.

Section 32(1)(ia) : Additional Depreciation

In the case of any new machinery or plant, which has been acquired and installed,

by an assessee engaged in the business of manufacture or production of any article or thing, or Generation of Power.

A further sum equal to 20% of the actual cost of such machinery or plant shall be allowed as additional depreciation.

Note: Additional depreciation will not be available on the following plant & machinery.

(1) P&M used in Scientific research or 100% depreciable P&M

(2) Ships and all/crafts, Secondhand plant

(3) Any P&M installed in office premises or residential accommodation.

(4) Any office appliances or road transport vehicles.

Section 32(2): Tax Treatment of Unabsorbed Depreciation

1. Unabsorbed depreciation will be allowed to adjust against any head of income (except salary and winning from race, lottery etc).

2. Balance unabsorbed depreciation will be carried forward to next year and allowed to adjust against any head of income (except salary and winning from race, lottery etc).

3. There is no time limit for carry forward of unabsorbed depreciation.

Specified Business [35AD] -

Category A of Specified Business

1. Setting up and Operating a Cold Chain Facility.

2. Setting up and Operating a Warehousing Facility for storage of Agricultural produce.

3. Building and operating, anywhere in India, a hospital with at least 100 beds for patients.

4. Developing and building a Housing Project under a scheme for affordable housing framed and notified by the Central Government or a State Government.

5. Production of fertilizer in India

Category B of Specified Business

1. Laying and operating a Cross-Country Natural Gas or Crude or Petroleum Oil Pipeline network for distribution, including storage facilities being an integral part of such network.

2. Building and operating, anywhere in India, a hotel of two-star or above category as classified by the Central Government.

3. Developing and building a housing project under a scheme for slum redevelopment or rehabilitation framed and notified by the Central Government or a State Government.

4. Setting up and Operating an Inland Container Depot or a container freight station notified or approved under the Customs Act, 1962.

5. Bee-Keeping and Production of honey and beeswax.

6. Setting up and Operating a Warehousing Facility for Storage of Sugar.

Certain Payments are allowed only on payment basis [Section 43B]

1. Government Dues Sales Tax (VAT), Excise, Custom, Service tax, Municipal Tax.

2. Bank Dues Interest on Loan or Advance taken from Schedule Bank or Public Financial Institution or State Financial Corporation or State Industrial Investment Corporation.

3. Employee Dues Employer's Contribution to RPF, or Approved SAF, or Approved Gratuity Fund.

4. Bonus or Commission; Leave Encashment.