



# Depreciation

Special class



# SHIKHAR BATCH

December 2022 Attempt

Comprehensive Batch For CS Executive Module 1

Starts June 15, 2022

📞 Call for more details on batches **8585858585**



# Features of Shikhar Batch

- ✓ ✔ A comprehensive batch that covers all the subjects of Module 1
- ✓ ✔ Most experienced faculties for Module 1 on the Unacademy platform
- ✓ ✔ Exhaustive Coverage of the entire syllabus
- ✓ ✔ Previous Year Questions coverage for a better understanding and practice of the subject
- ✓ ✔ Regular doubt clearing sessions
- ✓ ✔ Chapter-wise test series
- ✓ ✔ Case Study and revisionary lectures
  - ✔ Pareeksha scanner by CS Amit Vohra Sir

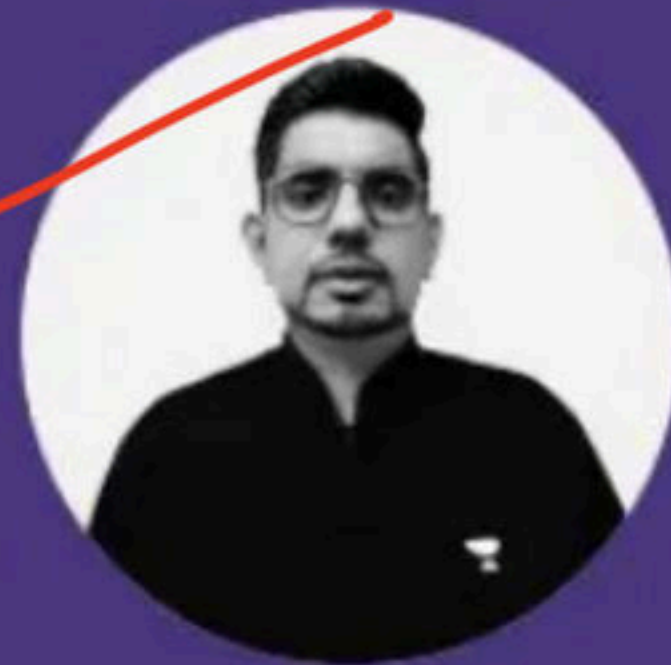


# Batch Schedule

EDUCATORS	CHAPTER	DATE
Jaspreet Singh Johar ✓	Tax	8:30 AM - 10 AM ↗
Amit Vohra	JIGL	10:30 AM - 11:30 AM
Amit Vohra	Company Law	11:45 AM - 12:45 PM
Amit Vohra	SBEC	1 PM - 2 PM



# Know your Educators



**CS Amit Vohra**

18+ years of experience  
Mentored 50K+ students



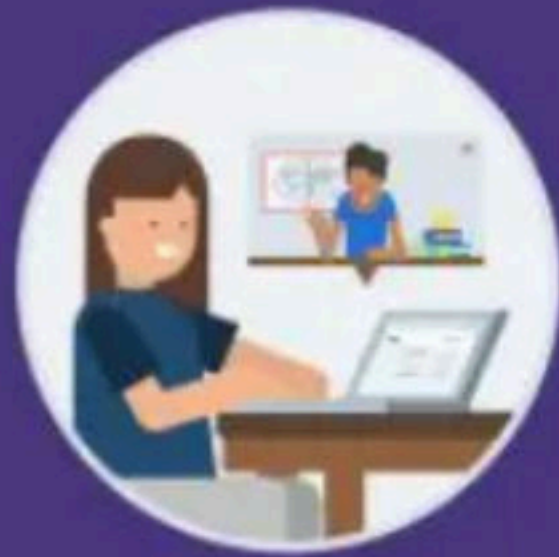
**CA Jaspreet Johar**

20+ years of experience  
Mentored 100K+ students



# ONE SUBSCRIPTION

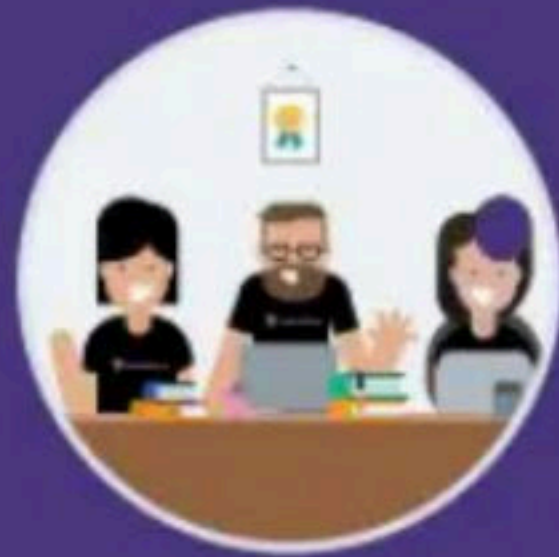
Multiple benefits



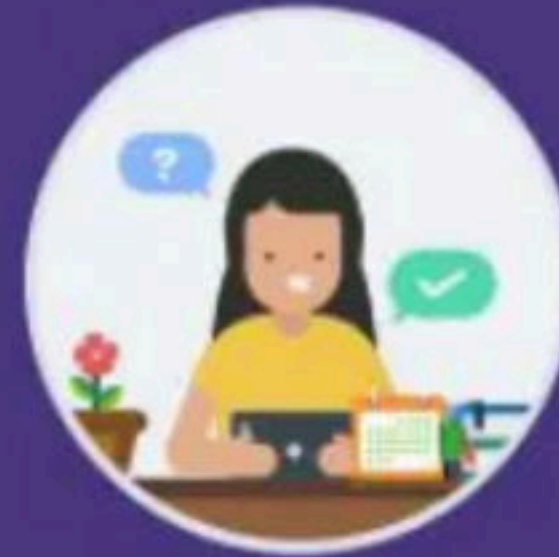
Live Interactive  
Classes



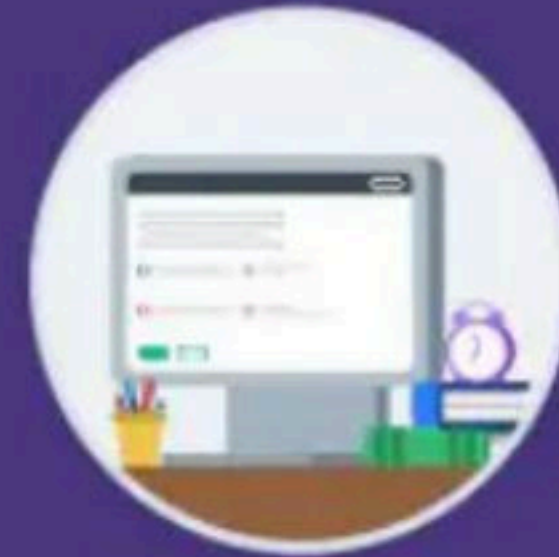
Unlimited recorded  
lectures



Multiple educators for  
all subjects



Doubt-solving sessions  
every week



Practice Mock Test  
Series



# CS Executive

## CS Executive Module 1

Get Subscription

CA JOKAR

10%



CS Executive - Module 1 subscription  
Choose a plan and proceed

No cost EMI available on 6 months & above subscription plan

<input checked="" type="checkbox"/> 24 months EMI 12%	₹1,021 /mo Total ₹24,504
<input type="checkbox"/> 12 months EMI 14%	₹1,604 /mo Total ₹19,248
<input type="checkbox"/> 6 months EMI 16%	₹2,188 /mo Total ₹13,128

To be paid as a one-time payment



# CS Executive Evaluated Test Series

## Sectional Test Schedule

1 Hour | 30 marks

Schedule	Date	Subject
CS Executive Module 1	24 June	Jurisprudence, Interpretation & General Laws
CS Executive Module 1	26 June	Setting up of Business Entities and Closure
CS Executive Module 1	22 July	Company Law
CS Executive Module 1	24 July	Tax Laws (MCQ)
CS Executive Module 1	15 August	Jurisprudence, Interpretation & General Laws
CS Executive Module 1	17 August	Company Law
CS Executive Module 1	19 August	Setting up of Business Entities and Closure
CS Executive Module 1	21 August	Tax Laws (MCQ)
CS Executive Module 2	23 August	Corporate & Management Accounting (MCQ)
CS Executive Module 2	25 August	Securities Laws & Capital Markets
CS Executive Module 2	27 August	Economic, Business and Commercial Laws
CS Executive Module 2	29 August	Financial and Strategic Management (MCQ)

d) Cars used as Taxis / Buses / Trucks  
Trucks purchased & put to use  
between 23/8/2015 & 11/4/2020

e) Other Cars purchased & put  
to use between 23/8/15 & 11/4/20 → 45%  
→ 30%

f) Ships / Speed Boats 20%

g) oil wells 15%

h) any other asset which is not given  
in the list above  $\longrightarrow$  15%.

**CA JASPREET SINGH JOHAR**

**WELCOMES  
ALL**



# **JASPREET SINGH JOHAR**

- 👉 **COMPLETED GRADUATION FROM DELHI UNIVERSITY IN 1999**
- 👉 **COMPLETED M.COM IN 2002 FROM HIMACHAL UNIVERSITY**
- 👉 **QUALIFIED AS CHARTERED ACCOUNTANT IN MAY 2003**
- 👉 **TEACHING SUBJECT OF TAXATION SINCE 2003 TO STUDENTS OF CA/CS/CMA & B.COM**
- 👉 **HAVE HAD PRIVILEGE OF PRODUCING 131 ALL INDIA RANK HOLDERS IN PAST 18 YEARS**

## ALL INDIA RANK HOLDERS

*the miracle of life is here, embedded in the genius of our students!!!*



**Pooja Chhatwani**

**CMA Dec. 2020**



**Deepa Jain**

**CA May 2018**



**Swati Bansal**

**CA (F) May 18**



**Nitish Jain**

**CA May 2012**



**Aravind**

**CA Nov. 2017**



**Astha Mongia**

**CA Nov 2011**



**Pushp Goyal**

**CA Nov. 2018**



**Raghavendra**

**CA May 2019**



**Parth Gupta**

**CA MAY 2018**



**Swati Bansal**

**CA Nov. 19**



**Tripti Goyal**

**CS Dec. 2020**

**SPECIAL  
OFFER**

**CAJOHAR**

**10%  
OFF**

# INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR

**Illustration 349:** CA J commenced practise and has acquired the following assets for his office.

Calculate depreciation for the AY 2022-2023 i.e. PY 2021-2022

Asset	Rate of dep	Date of purchase	Date of put to use	Amount in `
Computer	40%	27/9/2021	2/10/2021	35,000
Computer software	40%	2/10/2021	5/10/2021	8,500
Computer printer	40%	2/10/2021	3/10/2021	12,500
Books which are annual publication	40%	1/4/2021	1/4/2021	12,000
Books which are not annual publication	40%	1/4/2021	1/4/2021	1,000
Office furniture	10%	1/4/2021	1/4/2021	3,00,000
Laptop	40%	26/9/2021	5/10/2021	43,000
Fire extinguisher	15%	1/4/2021	1/4/2021	2,500
Purchased goodwill of practising CA in April 2021 for <u>2,00,000</u> and put to use from same date.				

USE CODE "CAJOHAR" WHILE SUBSCRIBING

USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY

# Calculation of Depreciation on Asset

	PM 40% ✓	PM 15%	Furniture 10%
Op Value of Block	Nil	Nil	Nil
<u>Add</u> Purchased & Put to use $\geq 180$	60500	2500	30000
Put to use $< 180$	51500	Nil	Nil
<u>Less</u> Money R/E on Sale of Asset	Nil	Nil	Nil
<u>Closing Value</u>	112000	2500	30000

# Depreciation on WDU

half  
full

10300

X

X

24200

375

3000

---

Op Value of next  
year

77500

2125

27000

---

---

**Illustration 350:** Calculate depreciation for Mr. J for the AY 2022-2023 i.e. PY 2021-2022

Assets	Rate of depreciation	WDV on <u>1/4/2021</u> Amount in `
Plant and machinery 1	15%	6,00,000 ✓
Plant and machinery 2	15%	8,60,000 ✓
Flat	5%	17,00,000 —
Farm house	5%	85,00,000 —
Car	15%	2,00,000 ✓

The following assets have been purchased and put to use during the year

Assets	Date of purchase	Date of put to use	Rate of dep	Amount in `
PM 3 (new)	1/4/2021	1/4/2021	15%	7,86,000 —
Flat	11/6/2021	15/6/2021	5%	11,80,000 —
Car	<u>15/7/2021</u>	<u>15/12/2021</u>	15% <i>hwy</i>	3,14,000 ✓

The following assets have been sold during the year

Assets	Date of sale	Amount in `
Plant and machinery 2	15/12/2021	3,00,000 ✓
Farm house	15/3/2022	25,00,000 ✓

# Cal of Depreciation

	Pm 15%	Residential Building 5%
Op Value of Block	166000	102000
Purchase & Put to use		
$\geq 180$ days	78600	118000
$< 180$ days	31400	x
Sold, money R/A	✓ (30000)	✓ (25000)
Closing Value	246000	<del>88000</del> ✓

Dep

half  
Full

23550

X

321900

944000

---

Op of next year

2114550

843600

---

---

2008-09

~~Economy~~

|| ✓

America

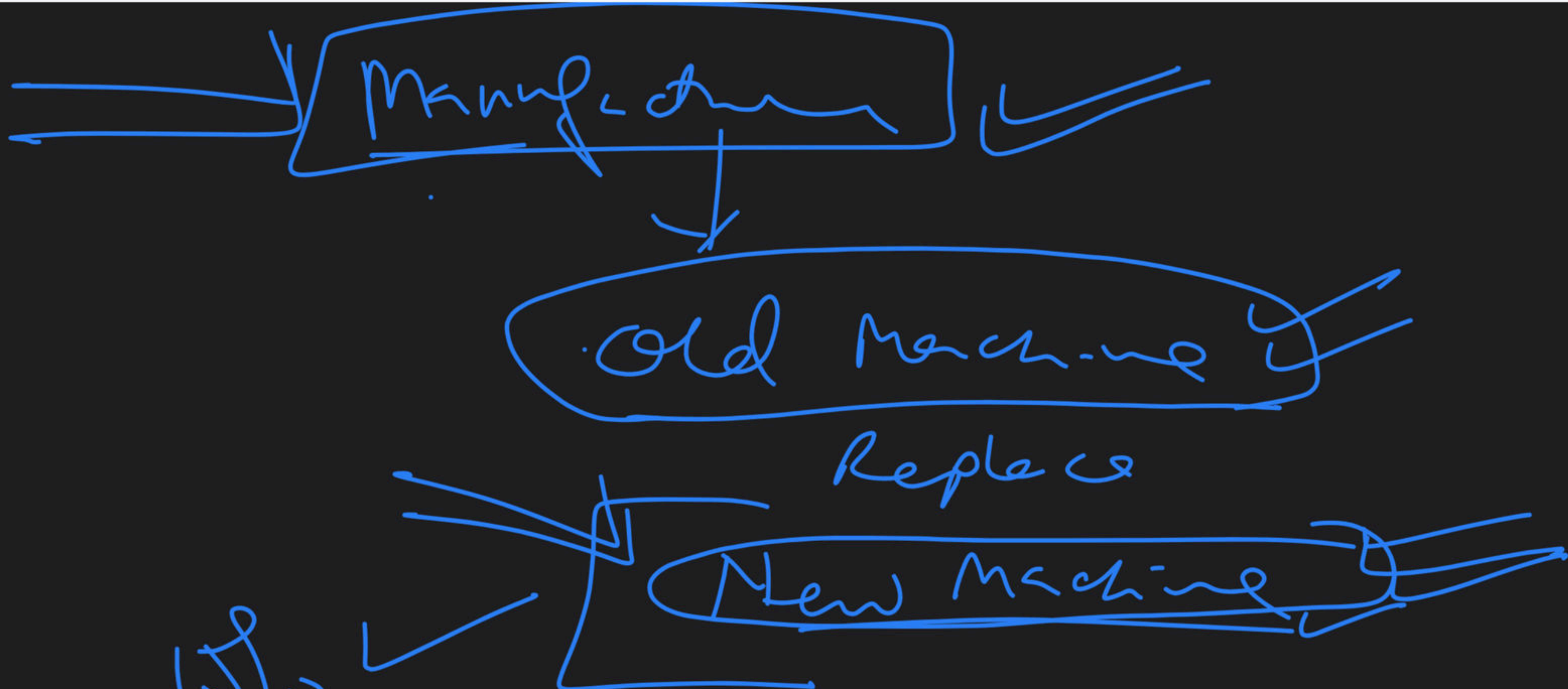


Layman Brothers



Bankrupt

Dr. MMS  
+  
P. Chidambaram



1590 ✓  
+ 2090  

---

3590

# Additional Dep on New Plant & Machinery

## Sec 32(1)(iia)

---

- ① Additional Dep @ 20% will be allowed on new P.M.
- ② This additional Dep of 20% will be over & above normal Dep of 15% i.e. now total will be 35%.
- ③ Additional Dep will be only on P.M & not on any other asset.

(4) Additional dep will be allowed to following assessee

(a) manufacturer of any kind of goods

(b) assessee having business of generation or generation & distribution of electricity/Power.

(c) assessee having business of printing or printing & publishing.

5) Additional Dep will be allowed only in 1st year. When asset was put to use.

6) If PM is purchased & put to use for a period less than 180 days then half of normal & half of additional Dep will be allowed. Remaining half of additional Dep will be CF to next FY (Since additional Dep ka half CF

hoga, normal Dep ke haly CF nahin  
Hoga)

- ⇒ Additional Dep will not be allowed
- a) PM installed in office or at Residential Buildings.
  - b) PM which has been used earlier either in India or outside India (second hand PM)

c) office appliances

d) Vehicles

e) PM whose cost is allowed to be debited to PLAC.

8) Additional Dep is allowed only on New PM. If Q is silent then do not assume PM to be new.

# INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR

**Illustration 357:** Mr. Abhimanyu is engaged in the business of generation and distribution of electric power. He always opts to claim depreciation on written down value for income-tax purposes. From the following details, compute the depreciation allowable for the AY 2022-2023 i.e. PY 2021-2022. **Nov 2013 - 4 Marks**

Particulars	Amount in `
Opening WDV of block (15% rate)	<del>47,00,000</del>
New machinery purchased on 12/10/2021 <i>half</i>	10,00,000
Machinery imported from Colombo on 12/4/2021. This machine had been used in Colombo earlier and the assessee is the first user in India	<del>0,00,000</del>
New machine installed in generation wing of the unit on 15/7/2021	<del>2,00,000</del>

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# Cal of Dep & additional Depreciation

OP Value of Block of PM	420000
+ Purchase & Put to use	
use $\geq 180$	110000
use $< 180$	(000000)
- Sold	Nil

---

Closing Value of Block	630000
Dep on 42L $\times 15\% =$	630000
2nd H machine 9L $\times 15\% =$	135000

New machine in generation wing

$$2L \times 35\% = 7000$$

New machine (half)  $10L \times \frac{35\%}{2} = 17500$

---

Closing value

529000

---

Note Remaining half of Additional def  
ie  $10L \times 20\% / 2 = 10000$  will be CR to next FY

# INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR

**Illustration 358:** J Ltd. a manufacturing concern furnishes the following particulars

Particulars	Amount in `
Opening <u>writing down</u> value of block plant and machinery	✓ 5,00,000
<u>Purchase of plant and machinery</u> . Put to use before <u>1/10/2021</u>	2,00,000
<u>Sale proceeds of plant and machinery</u> which became <u>obsolete</u>	✓ 5,000

Further, out of purchase of plant and machinery:

November 2011 - 4 marks

(a) Plant and machinery of ₹20,000 has been installed in office.

(b) Plant and machinery of ₹20,000 was used previously for the purpose of business by the seller.

Compute depreciation and additional depreciation for the AY 2022-2023 i.e. PY 2021-2022.

**USE CODE "CAJOHAR" WHILE SUBSCRIBING**  
**USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# Calc of Dep & additional Dep

Op value of Block

50000

Add Purchase & Put to use

20000

Less Sold

(5000)

---

Closing Value

69500

Depreciation  $69500 \times 15\% = 104250$

Additional Dep  $16000 \times 20\% = 32000$

---

558750

Note If in the Q date of put to use is not given then always assume that date of purchase is date of put to use.

Sec 50 Capital Gains in case of depreciable assets.

In case of Assets used for B/P purposes

We will always calculate Depreciation.

But in following 2 cases  
Depreciation is not calculated but we  
calculate Capital Gains.

a) When all assets are sold/lost  
destroyed & Block becomes  
empty.

b) When few assets are sold/lost  
destroyed & its sale price >

Value of Block.

Note Value of Block consists of  
op value & Purchases. Put to use.

The CA calculated will always be  
STCA & never be LTCA.

# INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR

**Illustration 359:** Mr. J is a CA and has a block of car (15%) for his business purposes, the details for which are as follows:

Particulars	Amount in ₹
Opening value of block of car as on 1/4/2021 ✓	— 18,71,000
Purchased a car on <u>15/6/2021</u> and put it to use on <u>15/6/2022</u>	3,00,000
Sold <u>old car</u> for	— 20,00,000
Selling expenses	— 5,000

Compute depreciation and capital gain for the AY 2022-2023 i.e. PY 2021-2022

**USE CODE "CAJOHAR" WHILE SUBSCRIBING**  
**USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# Calc of Block of Assets & Depreciation

Op value of Block	1871000
Purchase & Put to use	Nil
Sold	(1871000) Restricted

Closing value  
Dep 15%

Nil  
Nil

Op value of Block

Nil

There was only one asset i.e. one car in Block & that has been sold off

resulting in block getting empty. Now we will not calculate Dep but we will calculate CG & such CG will always be STCG.

## Cal of Capital Gains

STCG

= 124000

Sale Price

200000  
(5000)

Selling Expenses

Net Sale Price

199500

Less Value of Block

187100

# INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR

**Illustration 360:** Mr. J has following Assets which are to be depreciated @ 15% on WDV basis:

Particulars	Particulars	Amount in ₹
1/4/2018	WDV of plant X and Plant Y	2,00,000
10/12/2021	Acquired and put to use new plant 'Z' for	2,00,000
22/01/2022	Sold Plant Y for	4,00,000
Expenditure incurred in connection with transfer		10,000

Compute depreciation and capital gain for the AY 2022-2023 i.e. PY 2021-2022

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# Cal of Depreciation

	2018-19	19-20	20-21
OP Value	20000	17000	14450
Put to use	Nil	0	0
Sold	Nil	0	0
Closing	20000	17000	14450
Dep 15%	3000	2550	2167.5
OP of next yr	17000	14450	<u>12282.5</u>

21-22

Op value [X/1] 122825

Purchase (Z) 20000

Sold [Y] (322825)

Closing (X2) Nil

Dep

Nil

Op of next year

Nil

B/S

PdM

(X.Z) Nil

# Cal of CC

---

Sale consideration 40000  
Less selling exp (1000)

---

MISC value of Block 39800  
(322825)

---

STCG

67175

**Illustration 367:** Calculate depreciation for the AY 2022-2023 i.e. PY 2021-2022

Particulars	Amount in `
WDV as on 1/4/2021 for <del>PM1</del> , PM2, PM3, PM4 (15%)	5,00,000
PM5 purchased on 1/7/2021	1,00,000
All PM destroyed in fire and Insurance Company pays insurance	10,00,000

**174.5 Concept:** where there are many assets in block and asset/assets are destroyed/lost leading to compensation from insurance company in terms of any other similar asset

CIT v Kasturi & Sons Ltd [1999] 103 taxman 342 (SC)

The respected SC decided that what is to be reduced from the block of asset is the money/amount and not the monetary value of asset which has been given to assessee. Therefore, if insurance company gives any asset to assessee as compensation of the lost/destroyed asset then its monetary value is not to be reduced from the block of asset.

**Illustration 368:** Calculate depreciation for the AY 2022-2023 i.e. PY 2021-2022

Particulars	Amount in `
WDV as on <u>1/4/2021</u> for <u>PM1</u> , <u>PM2</u> , <u>PM3</u> , <u>PM4</u> (15%)	✓ 5,00,000
<u>PM1</u> destroyed in <u>fire</u>	1,00,000
<u>PM5</u> given as <u>compensation</u> by insurance company <u>1/7/2021</u>	1,00,000

# Block of PM

---

op value of block	PM 1/2/3/4	50000
<u>Add</u> Purchase of PWT tower	(5)	Nil ✓
<u>Less</u> money received on Asset lost or destroyed	(1)	Nil ✓

---

Closing value	(2/3/4/5)	50000
Dep @ 15%		(7500)

---

op value of next year 42500

## INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR

**Illustration 369:** J & Co., a sole proprietary concern, which has business of manufacturing articles, was converted into a company on 31/8/2021. Before the conversion, the sole proprietary concern had a block of plant and machinery (rate of depreciation 15 per cent), whose WDV as on 1/4/2021 was `3,00,000. On 1/4/2021 itself, a new plant of the same block was purchased for `1,20,000. After the conversion, the company has purchased the same type of new plant for doing manufacturing on 1/1/2022 for `1,60,000. Compute depreciation that would be allocated between the sole proprietary concern and the successor company for the AY 2022-2023 i.e. PY 2021-2022. **CA - May 2003 – 9 Marks**

**Illustration 370:** J Ltd. has a block of assets carrying 15% rate of depreciation, whose WDV on 1/4/2021 was `40,00,000. It purchased another asset of the same block on 1/11/2021 for `14,40,000 and put to use on the same date. J Ltd. was amalgamated with D Ltd w.e.f. 1/1/2022. You are required to compute the depreciation allowable to J Ltd and D Ltd. for the AY 2022-2023 i.e. PY 2021-2022. **CA November 2010: 8 Marks**

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# **INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR**

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# **INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR**

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# **INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR**

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# **INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR**

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# **INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR**

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**

# **INCOME TAX AND GST CLASSES BY CA JASPREET SINGH JOHAR**

**USE CODE "CAJOHAR" WHILE SUBSCRIBING  
USE MOBILE NUMBER AND EMAIL ID NOT USED EARLIER AT UNACADEMY**