lec 34 21/09/2024

H) Actual cost Sec 43 (1)

		₹
	cost of price (Purchase price)	xxx
Addi:	1) Transportation expenses.	xx
	2) Installation charges.	xx
	3) Trial Run expenses	xx
	4) Taxes & Duties (If ITC is Not Available)	x x
	ITC: Input tax credit	
	5) Intrest on loan (upto date on which Asset put to use)	xxx
	Total	xxx
	less: 1) Sale of Trial Run product	xx
	2) Govt ~~Grant~~ for Acq. of Asset	xx
	Actual Cost	xx

ECS = Electronic clearing system

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Notes

1) If any payment is made in relation to the Acq. of the Asset more than ₹ 10,000 by any mode other than A/c Payee cheque, A/c Payee DD, ECS to a single person in a single day then such expenditure not included in actual cost.

2) If any building which was used for any other purpose now brought into business.

Actual Cost

	Cost of building	xxx
−	Notional Depⁿ at current rate	xx
	Actual Cost	xx

⊛ Notional = Deemed / imag

ex

Mr. BB Purchased a building on 19/12/20 for ₹ 10,00,000. On 15th July 2024 he brought such building into business use Calculate Actual Cost.

Actual Cost

	Cost of building	10,00,000
−	Notional Dep	
	PY 20-21 @ 5%	(50000)
	21-22 @ 10%	(95000)
	22-23 @ 10%	(85500)
	23-24 @ 10%	(76950)
	Actual Cost	692550

- The above provision is applicable $\boxed{\text{only for building}}$ and not for any other Asset, so if any other Asset brought into the business Actual cost shall be cost of which such asset were acquried.

3) If any asset acq. by way of gift or will

Actual cost = Cost to previous owner − Depn Actually Allowed to previous owner.

4) If any Stock-in-Trade is converted into capital Asset and such capital Asset used in the business then actual cost shall be FMV as on Date of conversion.

* Rohan Builder *

→ Convert into capital Asset → Add into block of Asset Value = 12 lakh → Actual cost

↓

FMV 1200.000

↓

Taxable under PGBP

5) If any Asset is Acquired at higher value to claim depn on higher cost then actual cost of such asset shall be determined by Assessing Officer (Income tax officer) with the prior aproval of Joint Commissionor.

6) If any Asset transfer by Assessee and after sometime reacquired same Asset by same Assessee then actual cost shall be.

Actual Cost

i) WDV at the time of original transfer — xx

ii) Re. Acq. Cost — xx

Actual cost — xxx

7) If any asset is acquired from any person and lease back to same person then actual cost shall be WDV of the seller.

I) Sec 50 : Sale of Asset / WDV method / Block of Asset

SP = 1130000 SP 650000 SP 910000

* Block can be Nill but Never be ~~Ne~~ Negative	Full Block Transfer				Part Block transfer			
	₹	NO	₹	NO	₹	NO	₹	NO
Opening WDV	600000	5	600000	5	600000	5	600000	5
(+) Purchase	200000	2	200000	2	200000	2	200000	2
	800,000	7	800,000	7	800000	7	800000	7
less: Sale value	* 800,000	7	650000	7	800000	4	540000	4
WDV for Depⁿ	–		150000	7	–	3	280000	3
	WDV ✗		WDV ✓		WDV ✗		WDV ✓	
	Asset ✗		Asset ✗		Asset ✓		Asset ✓	
	Dep ✗		Dep ✗		Dep ✗		Dep ✓	
	CG ✓		CG ✓		CG ✓		CG ✗	

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Capital Gain	CG	CG ₹	
FVOC 1130000	FVOC 650000	FVOC 910000	~~CG~~
- COA (WDV) (800000)	- COA (800000) (WDV)	-COA (800000)	
	150000		
STCG 330000	STCL	STCG 110000	

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Part A

i) | | ₹ | Asset No |
|---|---|---|
| Opening WDV of Block | 770000 | 4 |
| Add :- Actual cost of Asset Acq. during year. | 610000 | 1 |
| | 1380000. | 5 |
| less : Sale value (money received) | 1000000 | 2 |
| | 380000 | 3 |
| (-) Dep. Actually Allowed | 28500 | |
| closing WDV | 351500. | |

WDV for Dep = 380000

Put to used less than 180 days

380000 X 7.5% = 28500

Bal

Nil

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ii) Part B

In this case Capital Gain is not applicable since the block ~~the~~ of Asset continue to exist

iii) Part C

₹

~~Opening WDV of Block~~

Computation of Capital Gain ₹

FVOC	1500,000.
- (Cost of Acq) (WDV = Opn + Purchase)	1380000
STCG	120000

J) Asset partly used in business and partly for peesnal Purpose.

Ms. Sailee

60% Business purpose

40% Business purpose.

Depⁿ 4000000 X 15%
= 600000

Allowed 60%	NA 40%
360000	240000

	₹
Opening WDV	40,00,000.
(+) Purchase	-
(-) Sale value.	-
WDV for Dep	4000000
(-) Depn	360000
Closing WDV	3640000

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- If Asset not exclusively for Business or Profession Purpose then porportimate expenditure toward business and profession use only Allowed

k) Sale of Asset / SLM Method / Power unit / individual Asset system.

Cost = 100
Dep rate : 10% SLM
3rd year Asset sold.

Cost	100.
(-) Dep 1st y	10
WDV	90
(-) Dep 2nd y	10
WDV.	80

SP
a) 72
b) 89
c) 117

a) SP 72
(-) WDV 80
(8) terminal Dep allowed (P&L Dr side)

b) SP 89
(-) WDV 80
9 Balanch chonge taxable PGBP U/ (P&L Cr side

c) SP = 117
WDV 80
37

20 (Normal profit) → Balancing chonge taxable U/PGBP U/S 41(2). (P&L Cr side)

17 (Real Profit) (SP > cost) → STCG.