

(PGBP → employer point of view → study)
(Know how → process of making new experiments)

Chapter = 6 (Concepts)
Profits & Gains from
business & Profession (PGBP)

Lect 2 3 May

Section 28 Charging Section
Section (PGBP Taxable)

- Profit / Money
- Perquisite → 30% Tax pay
- P. firm → Partner → Profit = Exempt
↳ Salary/Rent/int. → PGBP Head Taxable

- Co-op Society / Association → Member
↳ group
PGBP

- Non-Compete fees (अगर काम कर रहे तो अगले काम के लिए नहीं करोगे जैसे की fees)
- For not sharing any formula / know how etc. (अगर मैं काम का रेसिप्ट है)
- Export benefit / incentives (cash incentive, cash back)

• Cash assistance (Cash back)

• Duty Drawback

Import → India → Export → Import tax pay → Refund
Tax pay → Refund
Import Purchase time wala GST Pay → Refund mil Jai

- Sale of import license
- 35AD Asset → sell → PGBP

MPS / MLA's → Salary head → Taxable

→ Hire purchase → Installments or lease.

→ Tax Audit → Section 44AB

• Contract → Term modify / Cancel.

Agency → Term modify / Cancel

To manage an Indian Co. → Term modify / Cancel.

Compensation

• Any Residential building → let out

Employer → Gift / Perquisite
↳ Salary head

→ Business Ks. Karam Milaha
↳ PGBP head.

Income

~~PGBP~~

always HP ✓

* Section 32 Depreciation

Asset = 3 Conditions

Depr. claim when 3 cond. fulfill

→ Owner

⊕

→ Business use

⊕

→ Put to use (Actual use)

Depreciation Sec 32

- (i) Normal Depreciation ★
- (ii) Additional Depreciation ★
- (iii) SLM Depreciation
- (iv) Amalgamation / Demerger
- (v) Block ceases to exist
- (vi) unabsorbed depreciation ★
- (vii) Insurance Company Depreciation.

Eg ①

Prashant →

00
00
00

 Building going on
10 years.

Depreciation claim → Prashant

②

Prashant → Building

00
00

 on lease → SBI
Cost 8 years.

Depreciation ?? → owner → Depreciation claim Prashant

③

Sejal
Purchase

Scooter. 1 lakh.
Vespa

Loan repay (X)

Hypothecation /

Home purchase.

Loan HDFC Bank

∴ This is an exception

Depreciation → Sejal

④

Business use

Sofa.
└─ office / Reception → Depre ✓
└─ ₹ 70,000
 Depre X

5

Put to use

PY 23-24

P&M Purchase → 30 Mar 2024

Put to use

2 Apr 2024

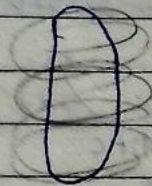
→ use PY 24-25

Depr. year ?? 24-25

Depr. start = PY 24-25

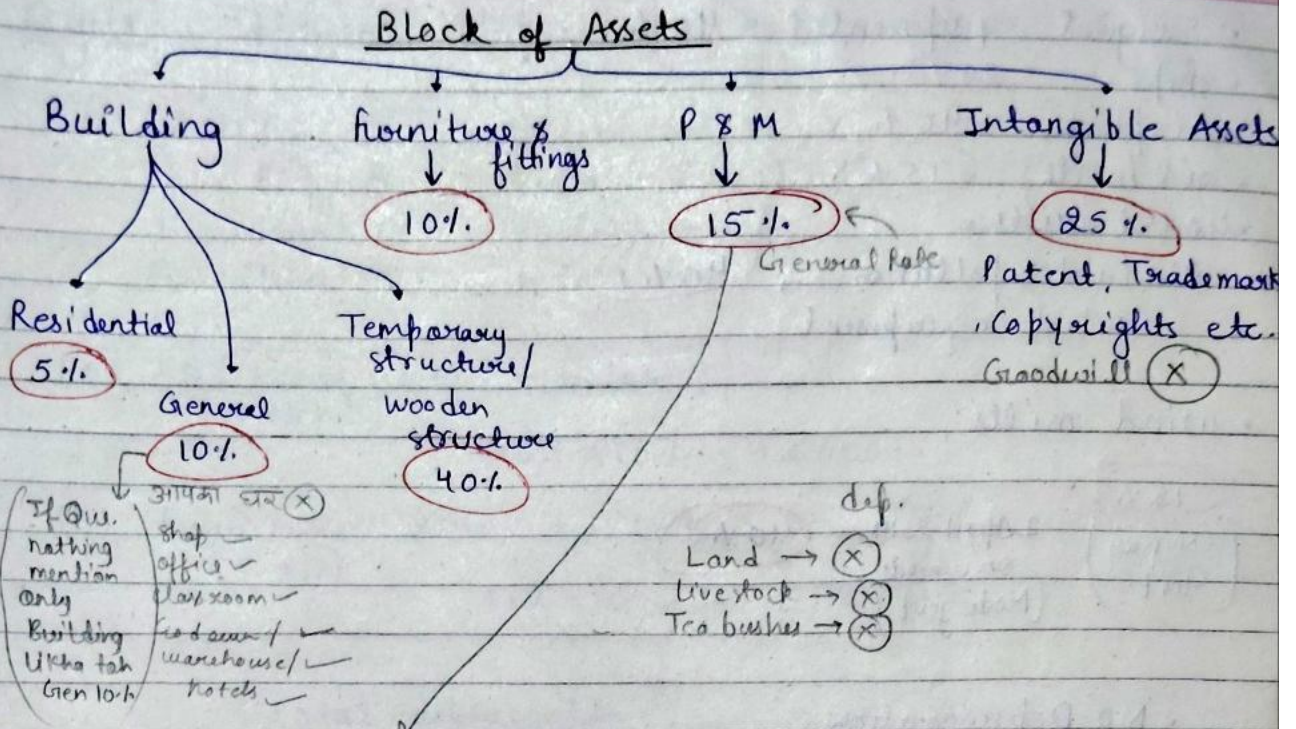
Exception: — Ready to use ⇒ Put to use
मान लेते हैं

Eg



fire एक्सिंगुइशर जबसे खरीया तबसे dep. start

Exception = Ready to use ⇒ Put to use



Plant & Machinery (P&M)

- General Rate **15%**
- Motor Car = **15%**
- 23 Aug 2019 - 31 Mar 2020 = **30%** (lease / taxi / cab)
- Motor Car / leasing = **30%**
- Hiring etc.
- 23 Aug 2019 - 31 Mar 2020 = **45%**
- Books
 - Business **15%**
 - Professional **40%**
 - Library **40%**
- Computer & operating system = **40%** software = **25%**

- Surgical equipment = 40%
- ships = 20%
- Airplanes = 40%
- oil wells = 15%
- Air/water pollution control equipment = 40%

• wind mills

15%
 (Congress Govt.) 1 April 2014 onwards (Modi Govt) 40%

• No Depreciation

→ Land (X)

→ Live stock (elephant pen) (X)

If death then, Hf to P&L loss.

→ Tea business Bushes (चाय के पौधे) (X)
 (Directly P&L Dr.)

* when 'purchase' & 'put to use' year Same

22-23 23-24 min 180 days → full dep.
 23-24 23-24 upto 179 days → half dep.

Que 1 Calculate depreciation PY 24-25.

Building A	15 lakh	} $45l \times 10\% = 450000$
Building B	30 lakh	
Furniture C	40 lakh	} $51l \times 10\% = 510000$
Furniture D	11 lakh	
		<u>960000</u>

(A) Building (15l + 30lakh)
(A+B)

$$45l \times 10\% = 4,50,000$$

(B) Furniture (40l + 11l)
(C+D)

$$51l \times 10\% = 5,10,000$$

Total depreciation 9.60.000

WDV
↓
(अंशतः Value)

If closing WDV $(\text{Asset} - \text{Dep.}) \rightarrow$ Remaining closing WDV

	Building	furniture
	15l	40l
	+ 30l	+ 11l
	<u>45l</u>	<u>51l</u>
Dep. (-)	<u>(4,50,000)</u>	<u>(5,10,000)</u>
closing WDV	<u>40,50,000</u>	<u>45,90,000</u>

Q2 Find depreciation :-

- Computer A = 20l 40%
- Laptop B = 13l 40%
- P & M C = 17l } 15%
- oil wells = 30l } 15%
- Pollution Control equipments = 23l 40%
- Copyrights = 18l } 25%

Computer

Computer	20l		
Laptop B	13l		
	<u>33,00,000</u>	$\times 40\%$	$\rightarrow 52,00,000$
P & M	17l		
oil wells	30l		
	<u>47,00,000</u>	$\times 15\%$	$\rightarrow 7,05,000$

(A) Plant & Machinery

(a) Depreciation @ 15%

P & M	17,00,000	
oil wells	30,00,000	
	<u>47,00,000</u>	
Depreciation	@ 15%	7,05,000

(B) Depreciation @ 40%

Computer A	20l
B	13l
control equip.	23l
	<u>56,00,000</u>

Depreciation @ 40%

22,40,000

Total P&M

29,45,000

(B) Intangible Asset

Copyright 18l
Depreciation @ 25%

4,50,000

Total Depreciation

33,95,000

Closing WDV.

	P&M (15%)	P&M (40%)	Intangible Asset
47l			
+56l			
-705l			
-2240l			
xx			
7355000			
↓			
next year dep.			

	P&M (15%)	P&M (40%)	Intangible Asset
	47,00,000	56,00,000	18,00,000
Def. (70,50,000)		Def. (22,40,000)	Def. (4,50,000)
<u>39,95,000</u>		<u>33,60,000</u>	<u>13,50,000</u>