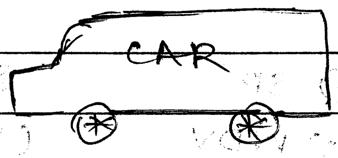
JJ Asset partly used in Business and Partly for personal purpose.

If Asset not exclusively used for Business or Professional Purpose then proportionate expenditure towards Business and professional use only allowed.



40% personal purpose

60% Business use

$Dep^n = 400000 \times 15\% = 60000$

60% Allowed	40% Disallowed
36000	24000

Opening WDV	400000
+ Purchase	–
– sale	–
WDV for Dep	400000
(–) Dep Actually allowed	(36000)
Closing WDV	364000

K] Sale of Asset / SLM Method / Power unit / Individual Asset system

cost :- 100
Dep Rate :- 10% SLM
3rd year Asset sold
a) 72 b) 89, c) 117

₹

cost	100
- 1st year Dep	10
WDV	90
- 2nd year Dep	10
WDV	80

a) SP :- 72
- WDV :- 80
(8) → Terminal dep^n Allowed in 3rd year (P&L Dr side)

b) SP 89
(-) WDV (80)
9 → Balancing charge taxable under PGBP u/s 41(2) (P&L cr side)

c) SP :- 117
(-) WDV :- 80
37

20 (Normal Profit)
↓
Balancing charge taxable under PGBP u/s 41(2) (P&L cr side)

(SP > WDV) 17 (Real Profit)
↓
STCG

Part B :- Donation / Contribution to outsiders

- To Approved Rahul Research Association
  - I :- Institute
  - C :- College
  - U :- University
    - For scientific Research → 100% Dedⁿ
    - For social & statistical Research → 100% Dedⁿ
- To I.I.T National lab → For scientific Research → 100% Deduction
- To Approved Indian company engaged in R & D → scientific Research → 100% Dedⁿ

Sec 35 :- Scientific Research

Part A : Inhouse

Research during the course of Business

- Revenue expenses sec 35(1)(i)
  - 100% Deduction
- Capital expenses Sec 35(1)(iv)
  - Land
    - No Ded^n
  - Other capital expenses.
    - 100% Ded^n

Research (Research for Assessee's Business)

- Research before commencement of Business [Max 3 years before the date of commencement of Business]
  - Revenue expenses 35(1)(i)
    - Material Salary (excluding perquisite) → 100% Dedn
    - Other Revenue → No Dedn
  - Capital expenses 35(1)(iv)
    - Land → No dedn
    - Other Cap. expense → 100% Dedn

Note 1:-
Dep^n is not allowed if Ded^n u/s 35 claimed.

2:- If land and Building is purchased together then cost of L & B shall be bifercated and ded^n not allowed in case of cost of land

3:- Ded^n shall not be denied if approval of institution is withdrawn after payment by Assessee.

4:- If Assessee opted 115BAC Default tax Regime then ded^n given in part B (Donation) not allowed.

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(i) If Mr A is paying Tax under default Tax regime u/s 115BAC

Computation of Dedn u/s 35 for AY 26-27

Particulars	₹	Section	Allowability	Amount of deduction
Payment for scientific Research				
Indian Institute of science, Bangalore	100000	35(1)(ii)	Not allowable under default Tax regime	Nil
IIT, Delhi	250000	35(2AA)		Nil
x Ltd	400000	35(1)(iia)		Nil
Expenditure incurred on in-house research and Dev. facility				
Revenue expenditure	300000	35(1)(i)	Allowable under default Tax Regime	300000
Capital Expenditure (excluding cost of acquisition of land ₹ 500000)	250000	35(1)(iv) read with 35(2)(ia)		250000

Deduction allowed under section 35 — 550000

(ii) If Mr A has exercised the option of shifting out of the default tax regime provided under section 115BAC (1A)

Computation of dedⁿ u/s 35 for the AY 2026-27

Particulars	₹	Section	% of Deduction	Amt of dedⁿ
Payment for scientific research				
Indian Institute of science	100000	35(1)(ii)	100%	100000
IIT Delhi	250000	35 (2AA)	100%	250000
X Ltd	400000	35(1)(iia)	100%	400000
Expenditure incurred on inhouse research and development facility				
Revenue expenditure	300000	35(1) (i)	100%	300000
Capital expenditure (excluding cost of acquisition of land ₹ 500000)	250000	35(1) (iv) read with 35(2) (ia)	100%	250000
Deduction allowable u/s 35				1300000

Sec 35D :- Preliminary Expenses

(i) Preliminary exps means :-
a) Preparation of project report, feasibility study report.
b) Market survey
c) Drafting and Printing of MOA and AOA
d) Engineering service
e) Legal charges
f) Expenditure on public issue of shares & Debentures

(ii) Preliminary exps are allowed only to Resident Assesse who incurred such expenses before commencement of business or after comm for extention or setting up New unit.

(iii) Limit

Indian co.
(i) Eligible prelm exp — xx
(ii) 5% of COP/CE — xx
whichever is lower — xx

Other Resident Assessee
(i) Eligible prelm exp — xx
(ii) 5% of COP — xx
whichever is lower — xx

It is allowed in 5 equal instalments

COP :- Cost of Project
CE :- Capital employed

— COP means :- Amt invested in fixed Asset of New project or extension or for new unit as per Books of Account on the last date of PY.

— CE means :- share capital + Debentures + long term Borrowings for New project or for extension or for New unit.
(Reserve and surplus not considered in capital employed)

(iv) Audit is mandatory for the year in which expenditure are incurred. (other than company and co-op society)

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Allowable Preliminary exps.

(i) Prelim exp	900000	
(ii) 5% of COP/CE	175000	(3500000 × 5%)
whichever is lower	175000	

COP :- Cost of Project =	3000000
CE :- capital employed	3500000
	3500000

Allowed in PY 25-26 = 175000 / 5 years

= 35000 per year from PY 25-26

Sec 35DDA :- Expenses on VRS compensation

- This dedn is allowed to all Assessee
- This dedn is allowed in five equal installment

Common Note for Sec 35D & 35DDA
- If there is a Amalgamation or demerger then remaining dedn is allowed to A'ed or resulting company.

Sec 35 AD :- Specified Business

NO	Business	commencement on or after
	Under this sec dedn @ 100% allowed for capital expense and this section is optional for Assessee.	
1.	Setting up and operating a cold chain facility	1/4/2009
2.	Setting up and operating a warehousing facility for Agriculture produce.	1/4/2009
3.	Laying and operating cross country pipeline for distribution of petroleum oil, natural gas.	Nat gas 1/4/07 Petro 1/4/09
4	Building and operating a Hotel of 2 star or above	1/4/2010
5.	Building and operating a Hospital with min. 100 patient beds	1/4/2010
6.	Developing and Building a Housing Project under Slum Development scheme	1/4/2010