

CIRCULAR NO. 592/Accts.

Sub:- Depreciation on assets for the financial
year 1991-92 (Assessment year 92-93)

Consequent upon amendment in Section 32 of Income Tax Act, 1961 (10th amendment Rules 1991), the following proviso has been inserted in Section 32 of Income Tax Act, 1961 in Clause (ii) after the Second provision and before explanation (i) :

'Provided that, where any asset falling within the block of assets is acquired by the assessee during previous year and is put to use for the purposes of business or profession for a period of less than 180 days in that previous year, the deduction under this clause in respect of such asset shall be restricted to 50% of the amount calculated at the percentage prescribed under this clause in the case of block of assets comprising such assets'.

In view of the above amendment the normal depreciation w.e.f. 1.4.91 is to be charged as under :-

- a) 50% of the rates of depreciation falling within a block of assets acquired and put to use for period of less than 180 days during the year. A statement of such assets is required to be submitted in the performa/Form X/13 (Enclosed). However, this limit is not applicable in case of plant and machinery of each item costing less than Rs. 5000/- as depreciation on such assets is to be charged at the rate of 100%.
 - b) if an asset is used for more than 180 days, depreciation is to be charged in full at the rate prescribed for a block of assets.
- II. Rate of depreciation of plant and machinery has been reduced from 33.33% to 25% with effect from 1.4.91.

In view of these amendments Form No. X/3 and X/4 have been revised. The revised form No. X/3 and X/4 (Statement of depreciation) are enclosed.

Encl. : As above

Sd/-
MANAGER (ACCOUNTS.)

THE FOOD CORPORATION OF INDIA

Name : Distt./Region/Zone

Details of Assets put to use for a period of less than 180 days charging
50% of Rates of depreciation on such assets

S.No.	Head of Account	A/c No.	Amount	Remarks
1.	2.	3.	4.	5.

Countersigned
Dy. Manager (A/cs)
Food Corporation of India

Signature
Asstt. Manger (A/cs)
Food Corporation of India

STATEMENT OF DEPRECIATION AS ON 31ST MARCH 1992

NAME : DISTRICT./REGION/ZONE

Break up of Assets

S.No.	Head of Account	Account No.	Block of Assets	Prescribed rate of depreciation as per I.Tax Rules	Gross cost as on 31 st March 91 Plus transferred assets	Less Depreciation Reserves
(1)	(2)	(3)	(4).	(5)	(6)	(7)

Written Down Value as on 1.4.91 (6-7)	Actual costs of Assets acquired during the year except whose cost does not exceed 1.4.91 Rs. 5000/- (shown on Col. 15) (8)	Total (8+9)	Money Payable in respect of sold/discarded/demolished or destroyed during the year 1991-92 including scrap value (11)	Written down value (10-11)
(8)	(9)	(10)	(11)	(12)

Depreciation

Normal Depreciation as per rates in Col. No. 5

A. For assets put to use for less than 180 days (50% of the rates in Col. 5)	B. For assets put to use more than 180 days (At the rates in Col. 5)	Total A+B	Plant & Machinery whose cost does not exceed Rs. 5000/-	100% Dep. for Plant & Mach. whose cost does not exceed 5000/-
	13.	14.	15.	16.

Written Down Value

Dep. In respect of Capital expenditure on land taken on lease	Total Depreciation for the year 1991-92 charged to Accounts to tally with trial Balance (14+16+17)	Written down value as on 31 st March 1992 (12+15-18)	Remarks
17.	18.	19.	20.

RATES OF DEPRECIATION (1991-92)
(ASSESSMENT YEAR 1992-93)

S.No.	Block of Assets	Rate of Depreciation allowance as percentage Written down value	Particulars
<u>BUILDINGS :</u>			
1.	Building other than those covered by sub-item(3) below which are used mainly for residential purpose	5%	Staff Quarters -other then items 3(ii) below.
2.	Buildings which are not used mainly for residential purposes and which are not covered by sub item (3) below :	10%	3) warehouses godowns and soils
3.	(i) Buildings used as Hotels (ii) Buildings with dwellings units each with plinth 20% area not exceeding 80 square mtrs.	20%	Staff Quarters
4.	Purely temporary erections such as wooden structures	100%	
<u>II. FURNITURE AND FITTINGS :</u>			
1.	Rate applicable to furniture and fittings not covered by sub-item (2) below :	10%	
2.	Furniture and fittings used in Hotels, Restaurants & boarding houses, schools, colleges and other educational institutions, Libraries, welfare Canteens, Meeting halls, Cinema houses, theatres & Circuses and furniture and fittings let out on hire for use on the occasion of marriages and similar functions.		15%
<u>III. MACHINERY AND PLANT :</u>			
1.	Machinery and Plant other than those covered by sub -items (2) and (3) of block III of tables of rates of depreciation	25%	a) Weigh bridges b) Weighing Machines c) Mechanical discharging equipments e.g. grains conveyors vaccuators. d) Fork lift Cranes e) Conveyor Belts f) Electrical Installations g) Plant & Machinery h) Electric Fans & Installations i) Other equipments j) Inter communications equipments k) Railway sidings

- l) Airconditioning plants
- m) Duplicators
- n) Franking Machines
- o) Motor Cars/Jeeps/
Auto Rickshaw/Cycle/
Lorries/Mini Bus.
- p) Typewriters
- q) Accounting Machines
- r) Data Processing
Machines

IV. Vehicles 20%
(Acquired/Purchased on or after 1.4.90)

Motor Car/Jeeps/ Auto
Rickshaw/Cycle/Lorries/
Mini Bus.

V. Lease Hold Lands

Proportionate to the
number of years for
which Land is held.