

RATES OF DEPRECIATION UNDER INCOME TAX ACT

Rates of Depreciation		RATE %
I	Buildings: (See Note 2)	
1	Buildings which are used mainly for residential purposes except hotels and Boarding House	5
2	Buildings which are not used mainly for residential purposes and other than mentioned in 1 & 3	10
3	Buildings acquired on or after 1-9-2002 for installing P & M forming part of water supply project or water treatment system and put to use for the purpose of providing infrastructure facilities u/s. 80-IA(4)(i)	100
4	Purely temporary erections such as wooden structures.	100
II	Furniture and fittings including electrical fittings	10
III	Machinery and plant : (See Note 3)	
1	Machinery and plant other than those covered by sub-items 2, 3 and 8 below	15
2	i. Motor-cars (other than those used in business of running them on hire) acquired or put to use on or after 1st April, 1990.(other than ii below)	15
	ii. Motor cars, other than those used in a business of running them on hire, acquired on or after the 23.08.2019 but before the 01.04.2020 and is put to use before the 01.04.2020.	30
3	i. Aeroplane — Aeroengines	40
	ii. (a) Motor buses, Motor lorries and Motor taxies used in a business of running them on hire other than (b) below	30



		(b) Motor buses, motor lorries and motor taxis used in a business of running them on hire, acquired on or after the 23rd day of August, 2019 but before the 1st day of April, 2020 and is put to use before the 1st day of April, 2020.	45
	iii.	Commercial vehicle acquired on or after 1.10.1998 but before 1.4.1999 and is put to use before 1.4.1999 for the purposes of business or profession.	40
	iv.	New commercial vehicle acquired on or after 1.10.1998 but before 1.4.1999 and is put to use before 1.4.1999 in replacement of condemned vehicle of over 15 years of age for the purpose of business or profession.	40
	v.	New commercial vehicle acquired on or after 1.4.1999 but before 1.4.2000 in replacement of condemned vehicle of over 15 years of age and is put to use before 1.4.2000 for the purpose of business or profession.	40
	vi.	New commercial vehicles acquired on or after 1-4-2001 but before 1-4-2002 and is put to use before 1-4-2002 for the purpose of business or profession.	40
	vi.a)	New commercial vehicle acquired on or after 1-1-2009 but before 1-4-2009 and put to use before 1-4-2009 for the business or profession	40
	vii.	Moulds used in rubber and plastic goods factories	30
	viii.	Air pollution control equipments	40
	ix.	Water pollution control equipments	40
	x.	Solid waste control equipments	40
	xi.	P & M used in semi-conductor industry	30
	xi. a)	Life saving medical equipments (For Items refer to Rule 5 App. I)	40
4		Containers made of glass or plastic used as refills	40



5	Computers (including computer software)		60
6	Machinery and plants used in weaving processing, and garment sector of textile industry purchased under TUFS on or after 1-4-2001 but before 1-4-2004 and is put to use before 1-4-2004		40
7&8.	For other items of P & M refer to Rule 5 App. 1		100/80/60
9	i.	Books owned by assessee carrying on a profession	
		a. Annual publication	100
		b. Other books	60
	ii.	Books owned by assessee carrying on business in running lending libraries	100
IV	Ships		
	Refer to Rule-5 App.-I		20
V	Intangible Assets		
	Knowhow, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1.4.1998.		25

NOTES :

1. Where an asset is put to use for less than 180 days in a previous year in which it is purchased, depreciation thereon shall be allowed at 50% of the depreciation allowable in respect of the block of asset comprising such asset.
2. Buildings include roads, bridges, culverts, wells and tubewells
3. Plant has been held to include:
 - o movable partitions
 - o sanitary & pipeline fitting
 - o ceiling and pedestal fans
 - o wells .
 - o hospital .
 - o However, w.e.f. A.Y. 2004-05, it shall not include buildings, furniture and fittings.



4. Depreciation on assets acquired on hire purchase basis should be allowed to the hirer where the terms of the agreement provide that the equipment shall eventually become the property of the hirer or confer on the hirer an option to purchase the equipment.
5. Depreciation in respect of motor car manufactured outside India acquired on or after 28-2-1975 or before 1-4-2001 shall be allowed.
6. The claim of depreciation is mandatory w.e.f. A. Y. 2002-03 overriding Supreme Court's decision which held that the depreciation claim is optional.
7. Total depreciation allowable in the year of succession/ amalgamation/demerger, to predecessor/amalgamating/ demerged co. and successor/amalgamated/resulting co. is to be restricted to depreciation allowable as if succession/ amalgamation/demerger had not taken place, and such depreciation is to be apportioned on the basis of number of days usage by each of them.
8. Depreciation is allowable even on jointly owned assets.
9. No amortisation benefits u/ss. 35A and 35AB can be claimed in respect of intangible assets.
10. In respect of depreciable assets employed in power projects, depreciation may be computed under the Straight Line Method on individual assets [Rule 5(1A)] — [Appendix IA]. Alternatively, the undertaking, may at its option, also claim depreciation at the normal rates (Rule 5(1) — Appendix I), subject to the option being exercised prior to the due date of filing the return of income. In the event of sale or disposal of such assets, if the sale consideration.
 - i. is less than WDV of such assets– Balance (i.e., WDV – sale consideration) can be claimed as depreciation, provided that such a deficiency is written off in the books.
 - ii. is in excess of the WDV — Excess (to the extent of the difference between actual cost and WDV will be taxable as Business profit and the balance as Capital Gains)
11. Additional Depreciation @ 20% of actual cost of new machinery or plant (other than ships and aircrafts) acquired and