

**DHC in case of Yamaha Motor: Passive versus actual user : depreciation section 32: Discarded Machinery**

*“...9. We, therefore, answer the two questions of law by holding that the ITAT was correct in law in directing the Assessing Officer to re-compute depreciation after reducing the scrap value of the assets which have been discarded and written off in the books of accounts for the year under consideration from the written down value of the block of assets. Actual user of the machinery is not required with respect to discarded machinery and the condition for eligibility for depreciation that the machinery being used for the purpose of the business would mean that the discarded machinery is used for the purpose of the business in the earlier years for which depreciation has been allowed.” (ALSO REFER : DHC IN PANACEA BIOTECH AND INSILCO DHC RULINGS)*