

## **Claiming tax: Period of assets use important**

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For someone who has income from business and profession there is the ability to ensure that if an asset is used for the purpose of business then this can be claimed as a deduction from the taxable income. There is however the question of the extent of the depreciation that can be claimed in a particular year and this will depend upon the extent to which the asset is used during the year. The finer points of this are crucial in ensuring that there is a proper way in which the benefits are claimed and here is a closer look at the entire issue and what needs to be considered.

### **Acquired and put to use**

There are two conditions related to the asset that need to be fulfilled by the individual and the first one deals with the acquisition of the asset. The asset on which depreciation has to be claimed has to be acquired or bought during the financial year. This is just the first part of the process as the second condition that needs to be met is that it is put to use during the year. The presence of both the conditions is crucial as after the acquisition it has to be put to use in the business or profession. Once this part is complete the extent of the depreciation that can be claimed would have to be determined and this would happen only when the extent or the number of days for which this has been used is known.

### **Period of use**

The period of use becomes crucial due to the fact that if the asset that has been acquired and has been put to use for a period of less than 180 days in the year then the depreciation that would normally be allowed would have to be reduced. The way in which the entire process works is that the value of the asset forms the gross block on which the applicable rate of depreciation is to be calculated. Now if the use of the asset during the year is less than 180 days then the depreciation that would be allowed for the year would be 50 per cent of the total figure that is calculated normally. The time period of 180 days is also important in the sense that this is not half of the year or 182 days but 180 days which is slightly less and hence there is a need to calculate the exact days for which the asset was put to use and then the overall position would be available.

### **Subsequent years**

Another point that has to be known in the whole calculation is that this amount of half of the depreciation figure would be applicable for the first year in which the asset was acquired and used. Once this is over then from the next year onwards depreciation as calculated normally would be done and charged to the accounts and hence this is something that is just a one year detail and not something that will carry on in the future.

The other point is that the process will start upon the asset being put to use during the year. The asset being used is far more important than the fact that it was acquired. There are a lot of times when the assets are actually acquired but they are not put to use and in these cases the depreciation calculation will not start at all. So if there is an asset that is not put to use then there would be no question of any depreciation either in the first year or any consequent year and hence this is something that should not be missed out.

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