

Rates of Depreciation as per the Income Tax Act (A.Y. 2006-07 onwards)

Block Number	Sub Classification	Block of asset	Depreciation Allowance as a % of W.D.V.
A		TANGIBLE ASSETS	
I		Building	
	1	Residential buildings except hotels and boarding houses	5
	2	Other than Residential buildings (not covered in Block No.1 &3)	10
	3	Building acquired on or after 01st Sep,2002 for installing P&M forming part of water supply project or water treatment system and which is put to use for the purpose of business of providing infrastructure facilities u/s 80-IA(4)(i)	100
	4	Purely temporary erections such as wooden structures	100
II		Furniture and fittings	
		Furniture - Any furniture / fittings including electrical fittings	10
III		Machinery and Plant	
	1	Machinery and Plant other than those covered by sub-items (2,3 and 8 below) (Refer Note 12)	15
	2	Motor cars other than those used in a business of running them on hire, acquired or put to use on or after 1 st day of April, 1990	15
	3 (i)	Aeroplanes-Aeroengines	40
	(ii)	Motor buses, Motor taxis, Motor lorries used in a business of running them on hire	30
	(iii)	Commercial vehicle acquired on or after 1 st day of Oct,1998 but before 1 st day of Apr,1999 and is put to used before 1 st day of Apr,1999 for purpose of Business or Profession in accordance with third proviso to clause(ii) of sub-section(1) of sec132 (Refer Note 13)	40
	(iv)	New Commercial Vehicle which is acquired on or after the 1 st day of Oct,1998 but before 1 st day of Apr,1999 in replacement of condemned vehicle of over 15 years of age and is put to use for any period before the 1 st day of April,1999 for the purpose of Business or Profession in accordance with third proviso to clause(ii) of sub-section(1) of sec132 (Refer Note 13)	60
	(v)	New Commercial Vehicle which is acquired on or after the 1 st day of April,1999 but before 1 st day of April,2000 in replacement of condemned vehicle of over 15 years of age and is put to use for any period before the 1 st day of April,2000 for the purpose of Business or Profession in accordance with third proviso to clause(ii) of sub-section(1) of sec132 (Refer Note 13)	60
	(vi)	New Commercial Vehicle which is acquired on or after the 1 st day of April,2001 but before 1 st day of April,2002 and is put to use for any period before the 1 st day of April,2002 for the purpose of Business or Profession. (Refer Note 13)	50
	(via)	New Commercial Vehicle which is acquired on or after the 1 st day of January,2009 but before 1 st day of October,2009 and is put to use for any period before the 1 st day of October,2009 for the purpose of Business or Profession. (Refer Note 13)	50
	(vii)	Moulds used in plastic and rubber goods factories	30

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	(viii)	Air pollution control equipment	100
	(ix)	Water pollution control equipments	100
	(x)	Solid waste control equipments	100
	(xi)	P & M used in semi-conductor industry	30
	(xia)	Life saving medical equipments (For Items refer to Rule 5 App. I)	40
	4	Containers made of glass or plastic used as refills	50
	5	Computers (including computer software) (<i>Refer Note 14</i>)	60
	6	Machinery and plants used in weaving processing, and garment sector of textile industry purchased under TUFS (<i>Refer Note 15</i>) on or after 1-4-2001 but before 1-4-2004 and is put to use before 1-4-2004	50
	7	P&M acquired and installed on or after 01st Sep,2002 in water supply project or a water treatment system and put to use for the purpose of business of providing infrastructure facility u/s 80-IA(4)(i).	100
	8 (i)	Wooden parts used in artificial silk manufacturing machinery	100
	(ii)	Cinematograph films- bulbs of studio lights.	100
	(iii)	Match factories-wooden match frames.	100
	(iv)	Mines and quarries: - Tubes, winding ropes, haulage ropes and sand stowing pipes - Safety lamps	100
	(v)	Salt works-Salt pans, reservoirs and condensers , etc. made of earthy, sandy or clayey material or any other similar material	100
	(vi)	Flour Mills – Rollers	80
	(vii)	Iron and Steel industry- Rolling Mill rolls	80
	(viii)	Sugar works- Rollers	80
	(ix)	Energy Saving Devices - Specialized Boilers and Furnaces - Instrumentation and monitoring system for monitoring energy flows - Waste heat recovery equipment - Co-generation system - Electrical equipment - Burners - Other equipment	80
	(x)	Gas Cylinders including valves and regulators	60
	(xi)	Glass manufacturing concerns- Direct fire glass melting furnaces	60
	(xii)	Mineral oil concerns: - Plant used in field operations (above ground) distribution – Return able packages - Plant used in field operations (below ground), but not include kerbside pumps & underground tanks and fittings used in field operations (distribution) by mineral oil concerns	60
	(xiii)	Renewal energy devices	80
	9 (i)	Books owned by assessee carrying on a profession a. Annual publication b. Others	100

Block Number	Sub Classification	Block of asset	Depreciation Allowance as a % of W.D.V.
	(ii)	Books owned by assessee carrying on business in running lending libraries	60
IV		<i>Ships</i>	
	1	Ocean going ships	20
	2	Vessels ordinarily operating on inland waters, not covered by sub-item (3) below	20
	3	Vessels ordinarily operating on inland waters being speed boats. (<i>Refer Note 17</i>)	20
B		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:

- 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.
- Buildings include roads, bridges, culverts, wells and tube wells
- Plant has been held to include:
 - movable partitions [Jarroll vs. John Good & Sons Ltd., 40 TC 681 (CA)]
 - sanitary & pipeline fitting [CIT vs. Taj Mahal Hotel, 82 ITR 44 (SC)]
 - Ceiling and pedestal fans [CIT vs. Jagadees Chandran & Co., 75 ITR 697 (Mad.); Sundaram Motors Pvt. Ltd. vs. CIT, 71 ITR 587 (Mad.); CIT vs. Tarun Commercial Ltd., 151 ITR 75 (Guj)].
 - Wells [CIT vs. Warner Hindustan Ltd., 117 ITR 15 (AP)].
 - Jeeps can be classified as Motor cars [Crompton engg. Co. (Madaras) ltd. vs CIT [1992]193ITR483 (Mad.)/ CAIT vs. Good Hope Enterprises [1992]197ITR236 (Ker.)
 - Hospital [CIT vs. Dr. B. Venkata Rao 111 Taxman 635 (SC)]. However, w.e.f. A.Y. 2004-05, it shall not include buildings, furniture and fittings.
- 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 [Circular No. 9 (R. Dis. No. 27(4) - IT/43), dated 23-3-1943].
- Depreciation in respect of motor car manufactured outside India acquired on or after 28-2-1975 or before 1-4-2001 shall be allowed.
- The claim of depreciation is mandatory w.e.f. A. Y. 2002-03 overriding Supreme Court's decision in CIT vs. Mahindra Mills 109 Taxman 225 which held that the depreciation claim is optional.
- 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 day's usage by each of them.
- Depreciation is allowable even on jointly owned assets.
- No amortization benefits u/ss. 35A and 35AB can be claimed in respect of intangible assets.
- 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.

- a. 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.
 - b. 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 installed after 31st March, 2005 by an assessee engaged in the business of manufacture or production of an article or thing shall be allowed on satisfying certain conditions.
 12. 40% if conditions of rule 5(2) are satisfied
 13. “Commercial Vehicle” means “heavy goods vehicle” “heavy goods vehicle”, “heavy passenger motor vehicle”, “light motor vehicle”, “medium motor vehicle”, “medium passenger motor vehicle” but does not include “maxi-cab”, “motor-cab”, “tractor” and “road-roller”. The expressions “heavy goods vehicle” “heavy goods vehicle”, “heavy passenger motor vehicle”, “light motor vehicle”, “medium motor vehicle”, “medium passenger motor vehicle”, “maxi-cab”, “motor-cab”, “tractor” and “road-roller” shall have meanings respectively assigned to them in section 2 of the Motor Vehicles Act, 1988. (59 of 1988).
 14. “Computer software” means any computer programme recorded on any disc, tape, perforated media or other information storage device.
 15. “TUFS” means Technology Upgradation Fund Scheme announced by the Government of India in the form of a Resolution of the Ministry of Textiles vide No. 28/1/99-CTI of 31-3-1999.
 16. Machinery and Plant includes pipes needed for delivery from the source of supply of raw water to plant and from the plant to the storage facility.
 17. “Speed boat” means a motor boat driven by a high speed internal combustion engine capable of propelling the boat at a speed exceeding 24 kilometers per hour in still water and so designed that when running at a speed it will plane, i.e., its bow will rise from the water.

Please Note: From A.Y. 1998-99 onwards, separate Rates of Depreciation are prescribed for Power Generating Units