

RDA & ASSOCIATES

CHARTERED ACCOUNTANTS

Rates of depreciation as per Companies Act, 1956

Nature of assets	Single Shift		Double Shift		Triple Shift	
	WDV	SLM	WDV	SLM	WDV	SLM
1	2	3	4	5	6	7
I. (a) BUILDINGS (other than factory buildings) [NESD]	5%	1.63%	.....	.....	.....	.....
(b) FACTORY BUILDINGS	10%	3.34%	.....	.....	.....	.....
(c) PURELY TEMPORARY ERECTIONS such as wooden structures	100%	100%	.....	.....	.....	.....
II. PLANT AND MACHINERY						
¹ [(i) General rate applicable to,—						
(a) plant and machinery (not being a ship) other than continuous process plant for which no special rate has been prescribed under (ii) below	13.91%	4.75%	20.87%	7.42%	27.82%	10.34%
(b) continuous process plant, ² [* * *] for which no special rate has been prescribed under (ii) below [NESD]	15.33%	5.28%	.....	.....	.....	.....]
(ii) Special rates						
A.1. Cinematograph films – Machinery used in the production and exhibition of cinematograph films [NESD]						
(a) Recording equipment, reproducing equipment, developing machines, printing machines, editing machines, synchronizers and studio lights except bulbs	20%	7.07%	.....	.....	.....	.....
(b) Projecting equipment of film exhibiting concerns						
2. Cycles [NESD]						
³ 3. Electrical machinery, X-ray and electro-therapeutic apparatus and accessories thereto, medical, diagnostic equipments, namely, cat-scan, ultrasound machines, ECG monitors, etc. [NESD]						
	20%	7.07%	.....	.....	.....	.....
4. Juice boiling pans (karhais) [NESD]	20%	7.07%	.....	.....	.....	.....
5. Motor-cars, motor-cycles, scooters and other mopeds [NESD]	25.89%	9.5%	.....	.....	.....	.....
6. Electrically operated vehicles including battery powered or fuel cell powered vehicles [NESD]	20%	7.07%	.....	.....	.....	.....
7. Sugarcane crushers (indigenous kolhus and belans) [NESD]	20%	7.07%	.....	.....	.....	.....
8. Glass manufacturing concerns except direct fire glass melting furnaces – Recuperative and regenerative glass melting furnaces	20%	7.07%	30%	11.31%	40%	16.21%
9. Machinery used in the manufacture of electronic goods and components	15.62%	5.38%	23.42%	8.46%	31.23%	11.87%]
B. 1. ⁴[Aero planes, aero engines, simulators, visual system and quick engine change equipment [NESD]						
2. Concrete pipes manufacture—Moulds [NESD]	16.2%	5.6%]				
3. Drum containers manufacture—Moulds [NESD]						
4. Earth-moving machinery employed in heavy construction works, such as dams, tunnels, canals, etc. [NESD]	30%	11.31%	.....	.....	.....	.....
5. Glass manufacturing concerns except direct fire glass melting furnaces—Moulds [NESD]						
6. Moulds in iron foundries [NESD]						

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7. Mineral oil concerns—Field operations (above ground)—Portable boilers, drilling tools, well-head tanks, rigs, etc. [NESD]						
8. Mines and quarries—Portable underground machinery and earth-moving machinery used in open cast mining [NESD]						
9. Motor buses and motor lorries other than those used in a business of running them on hire [NESD]						
9A. Motor tractors, harvesting combines [NESD]						
10. Patterns, dies and templates [NESD]						
11. Ropeway structures—Ropeways, ropes and trestle sheaves and connected parts [NESD]						
12. Shoe and other leather goods fabrics—Wooden lasts used in the manufacture of shoes	30%	11.31%	45%	18.96%	60%	29.05%
C. 1. ^b [** ** **]						
2. Motor buses, motor lorries and motor taxis used in a business of running them on hire [NESD]	40%	16.21%	.....	.....	.....	.....
3. Rubber and plastic goods factories—Moulds [NESD]						
4. Data processing machines including computers [NESD]	40%	16.21%	.....	.....	.....	.....
5. Gas cylinders including valves and regulators [NESD]						
D. 1. Artificial silk manufacturing machinery with wooden parts						
2. Cinematograph films—Bulbs of studio lights	100%	100%	.....	.....	.....	.....
3. Flour mills—Rollers						
4. Glass manufacturing concerns—Direct fire glass melting furnaces						
4A. Flot Glass Melting Furnaces (NESD)	27%	10%	.....	.....	.....	.....
5. Iron and Steel industries—Rolling mill rolls						
6. Match factories—Wooden match frames						
7. Mineral oil concerns—(a) Plant used in field operations (below ground)—Distribution – returnable packages; (b) Plant used in field operations (below ground) but not including assets used in field operations (distribution)—Kerbside pumps including underground tanks and fittings						
8. Mines and quarries—	100%	100%	.....	.....	.....	.....
(a) Tubs, winding ropes, haulage ropes and sand stowing pipes						
(b) Safety lamps						
9. Salt works—Salt pans, reservoirs and condensers, etc., made of earthy, sandy or clay material or any other similar material						
10. Sugar works—Rollers						
III. FURNITURE AND FITTINGS						
^b [1. General Rates [NESD]	18.1%	6.33%	.....	.....	.....	.....
2. Rate for furniture and fittings used in hotels, restaurants and boarding houses; schools, colleges and other educational institutions, libraries; welfare centers; meeting halls, cinema houses; theatres and circuses; and for furniture and fittings let out on hire for use on the occasion of marriages and similar functions [NESD]						
IV. SHIPS						
1. Ocean-going ships—	25.88%	9.5%	.....	.....	.....	.....
(i) Fishing vessels with wooden hull [NESD]						
(ii) Dredgers, tugs, barges, survey launches and other	27.05%	10%

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similar ships used mainly for dredging purposes [NESD]						
(iii) Other ships [NESD]	19.8%	7%
2. Vessels ordinarily operating on inland waters—	14.6%	5%	.....	.....	.....	.....
(i) Speed boats [NESD]						
(ii) Other vessels [NESD]						
WDV means written down value	20%	7.07%	.....	.....	.....	.....
SLM means straight line method	10%	3.34%	.....	.....	.....	.....

NOTES

1. "Buildings" include roads, bridges, culverts, wells and tube-wells.

2. "Factory buildings" does not include offices, godowns, officers' and employees' quarters, roads, bridges, culverts, wells and tube-wells.

3. "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.

4. Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, the depreciation on such assets shall be calculated on a *pro rata* basis from the date of such addition or, as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed.

5. The following information should also be disclosed in the accounts:

(i) Depreciation methods used; and

(ii) Depreciation rates or the useful lives of the assets, if they are different from the principal rates specified in the Schedule.

6. The calculations of the extra depreciation for double shift working and for triple shift working shall be made separately in the proportion while the number of days for which the concern worked double shift or triple shift, as the case may be, bears to the normal number of working days during the year. For this purpose, the normal number of working days during the year shall be deemed to be—

(a) in the case of a seasonal factory or concern, the number of days on which the factory or concern actually worked during the year or 180 days, whichever is greater;

(b) in any other case, the number of days on which the factory or concern actually worked during the year or 240 days, whichever is greater.

The extra shift depreciation shall not be charged in respect of any item of machinery or plant which has been specifically, excepted by inscription of the letters "NESD" (meaning "no extra shift depreciation") against it in sub-items above and also in respect of the following items of machinery and plant to which the general rate of depreciation of ²[13.91] per cent applies—

(1) Accounting machines.

(2) Air-conditioning machinery including room air-conditioners.

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- (3) Building contractor's machinery.
- (4) Calculating machines.
- (5) Electrical machinery—switchgear and instruments, transformers and other stationary plant and wiring and fitting of electric light and fan installations.
- (6) Hydraulic works pipelines and sluices.
- (7) Locomotives, rolling stocks, tramways and railways used by concerns, excluding railway concerns.
- (8) Mineral oil concerns—field operations:
 - (a) ⁸[* * *]
 - (b) Prime movers
 - (c) ⁸[* * *]
 - (d) Storage tanks (above ground)
 - (e) Pipelines (above ground)
 - (f) Jetties and dry docks
- (9) Mineral oil concerns—field operations (distribution)—kerbside pumps, including underground tanks and fittings.
- (10) Mineral oil concerns—refineries:
 - (a) ⁹[* * *]
 - (b) Prime movers
 - (c) ⁹[* * *]
 - ¹⁰[(d) LPG Plant]
- (11) Mines and quarries:
 - (a) Surface and underground machinery (other than electrical machinery and portable underground machinery)
 - (b) Head-gears
 - (c) Rails
 - (d) ⁹[* * *]
 - (e) Shafts and inclines
 - (f) Tramways on the surface

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(12) Neo-post franking machines.

(13) Office machinery.

(14) Overhead cables and wires.

(15) Railway sidings.

(16) Refrigeration plant container, etc. (other than racks).

(17) Ropeway structures:

(a) Trestle and station steel work.

(b) Driving and tension gearing.

(18) Salt works—Reservoirs, condensers, salt pans, delivery channels and piers if constructed of masonry, concrete, cement, asphalt or similar materials; barges and floating plant; piers, quays and jetties; and pipelines for conveying brine if constructed of masonry, concrete, cement, asphalt or similar materials.

(19) Surgical instruments.

(20) Tramways electric and tramways run by internal combustion engines—permanent way: cars—car trucks, car bodies, electrical equipment and motors; tram cars including engines and gears.

(21) Typewriters.

(22) Weighing machines.

(23) Wireless apparatus and gear, wireless appliances and accessories.]

(24) ¹¹[* * *]

¹²[7. 'Continuous process plant' means a plant which is required and designed to operate 24 hours a day.

8. Notwithstanding anything mentioned in this Schedule, depreciation on assets, whose actual cost does not exceed five thousand rupees, shall be provided at the rate of hundred per cent:]

¹³[**Provided** that where the aggregate actual cost of individual items of plant and machinery costing Rs. 5,000 or less constitutes more than 10 per cent of the total actual cost of plant and machinery, rates of depreciation applicable to such items shall be the rates as specified in Item II of the Schedule.]