

Tax Hotline

November 28, 2001

DEPRECIATION FOR POWER UNITS MAY BE CUT TO 75%

The Central Board of Direct Taxes (**CBDT**) of India is considering a proposal to lower the hundred per cent depreciation allowance provided in the Income-tax Act, 1961 for power generation devices and power saving devices like gas cylinders and wind mills.

The general opinion among tax authorities is to reduce the existing depreciation allowance to 75 per cent. The I-T authorities think this alone would bring in additional revenue of at least Rs 2,000 crore.

The chief commissioners are of the opinion that continuing with the 100 per cent depreciation was not advisable since it was a major cause of erosion of revenue, most of them had opined.

Also the hundred per cent depreciation has been extensively utilised by certain unscrupulous corporates to avoid taxation by claiming depreciation through the sale and lease back method. This is a convoluted accounting method that help corporates claim depreciation on items that do not actually belong to them.

It may be pointed out that a series of raids carried out by the investigation wing of income-tax department had unearthed the practice of bogus sale and lease back method employed by several corporates.

Source : *The Economic Times, November 28, 2001*

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

M&A In The Indian Technology Sector

February 19, 2025

Unlocking Capital

February 11, 2025

Fintech

January 28, 2025

Research Articles

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Key changes to Model Concession Agreements in the Road Sector

January 03, 2025

Audio

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

Arbitration Amendment Bill 2024: A Few Suggestions | Legally Speaking With Tarun Nangia | NewsX

February 12, 2025

**What India's Transition to New Data
Protection Law Means for Global
Businesses**

January 23, 2025

**India 2025: The Emerging
Powerhouse for Private Equity and
M&A Deals**

January 16, 2025
