



**CARDAMOM PLANTERS' ASSOCIATION COLLEGE**

(Re-accredited with 'B' Grade by NAAC)

Pankajam nagar, Bodinayakanur – 625 582

PG and research department of commerce

**Retain or replace  
Shutdown or Continue**



Dr.V. KRISHNAKUMAR,Ph.D.,

Assistant Professor,

PG and research department of commerce

CPA College Bodinayakanur.

Goal:

Specific management decision

-> RS deduction base decision

Repair, replace: UIS 30, 31, 01, 37(1)

The decision to repair or replace equipment should be based on minimizing cost and tax liability.

UIS 30, 31, 32, and 37(1)

Expenditure: ①. Revenue expenditure - Recurring nature

②. Capital expenditure - non recurring nature

Revenue expenditure: 30, 31, 32

In respect of rent, rates, taxes, repairs, insurance premium on building.

condition: Rent:

not deductible. Rent of the building owned by the assessee, the rent deducted. In case the building is lease, the rent was deductible.

conditions:

①. The expenses used for business use only and not related personal expenses

②. Bill, or invoice etc. must.

③. Illegal purpose.

UIS-31:

rent rates taxes, repairs, insurance premium, furniture, machinery etc.

conditions:

UIS-30 - capital expenditure or replacement:  
①. Depreciation only deductible.

condition:

- ① capital expenditure
- ② documentation.

best advice:

If sale the asset before repair is must.

Shut down or continue

- ①. Fall in demand
- ②. Financial problems
- ③. Change in technology
- ④. High rate of taxes
- ⑤. Mismanagement.

Loss and unabsorbed depreciation  
Discontinue Types: 11a Set off of the loss in current year.

- ①. Partly discontinued
- ②. One place to another place.

Amalgamating company:

Losses and business set off (UIS 7 & A)

Conditions:

- ①. 75% of fixed asset at the before amalgamating
- ②. 5 years of continue

Shut down on deduction:

- ①. Loss of sale in asset  $\rightarrow$  less than book value
- ②. Business loans and debts  $\rightarrow$  unpaid amount
- ③. Termination of contract  $\rightarrow$  partly or settlement
- ④. Legal and professional fees  $\rightarrow$  lawyer fees for contract cancelled, auditor fees for file returns
- ⑤. Write off of remaining assets  $\rightarrow$  cannot sale the assets, that value a loss a claimed.

⑥. Severance pay  $\rightarrow$  employee wages

⑦. Tea manufacturers, worker, subbor  $\rightarrow$  discontinue

$\rightarrow$  Amount deposit on NABARD or 40% of business income which is loss. UIS 33AB

⑧. The asset used for scientific research and family planning are selling price  $\rightarrow$  claim deduction.

⑨. continue on deduction

- ①. loss - set off and carry forward.
- ②. unabsorbed depreciation
- ③. Benefits UIS 80C to 80CU.
- ④. illegal speculation business gain to carry forward to next year.
- ⑤. speculation business losses.