

CHAPTER - VI

OBSERVATIONS AND SUGGESTIONS

The deduction for depreciation occupies a very significant place in the stem of computation of Income under the head Income from Business, Profession. Sections 32, 33, 34 deal with the statutory provisions relating to depreciation. These sections are further supplemented by the Income Tax rules namely being rules - 5 A, 5 A A and also schedules recently the amendments have been made and the overall structure of depreciation has been modified.

Depreciation is a deduction allowable only under the head Income from business. It is provided for replacement of wear and tear by way of renewal charge. The deduction also provides as an incentive for tax benefit. It assists in tax savings and enables the assessee to provide for replacement cost as such it enables the assessee to enhance the productivity.

However, the provision for depreciation are required to be further simplifying.

1. The scope for litigation for depreciation allowance can be reduced by further simplifying procedure.
2. The depreciation allowance presently available under the law has been changed substantially special efforts

should be made to find out further possibilities regarding this provision. Which will help as not merely a tax incentive but which will act as a source for increase in further productivity.

3. There are various depreciation allowances. There is a scope for examining these allowances individually and ascertaining their effect on mobilisation of resources incentive for productivity.
4. There are certain provisions where, the other allowances are not available depending upon the allowance of depreciation. It should be seen that such instances anomalies can be eliminate.

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