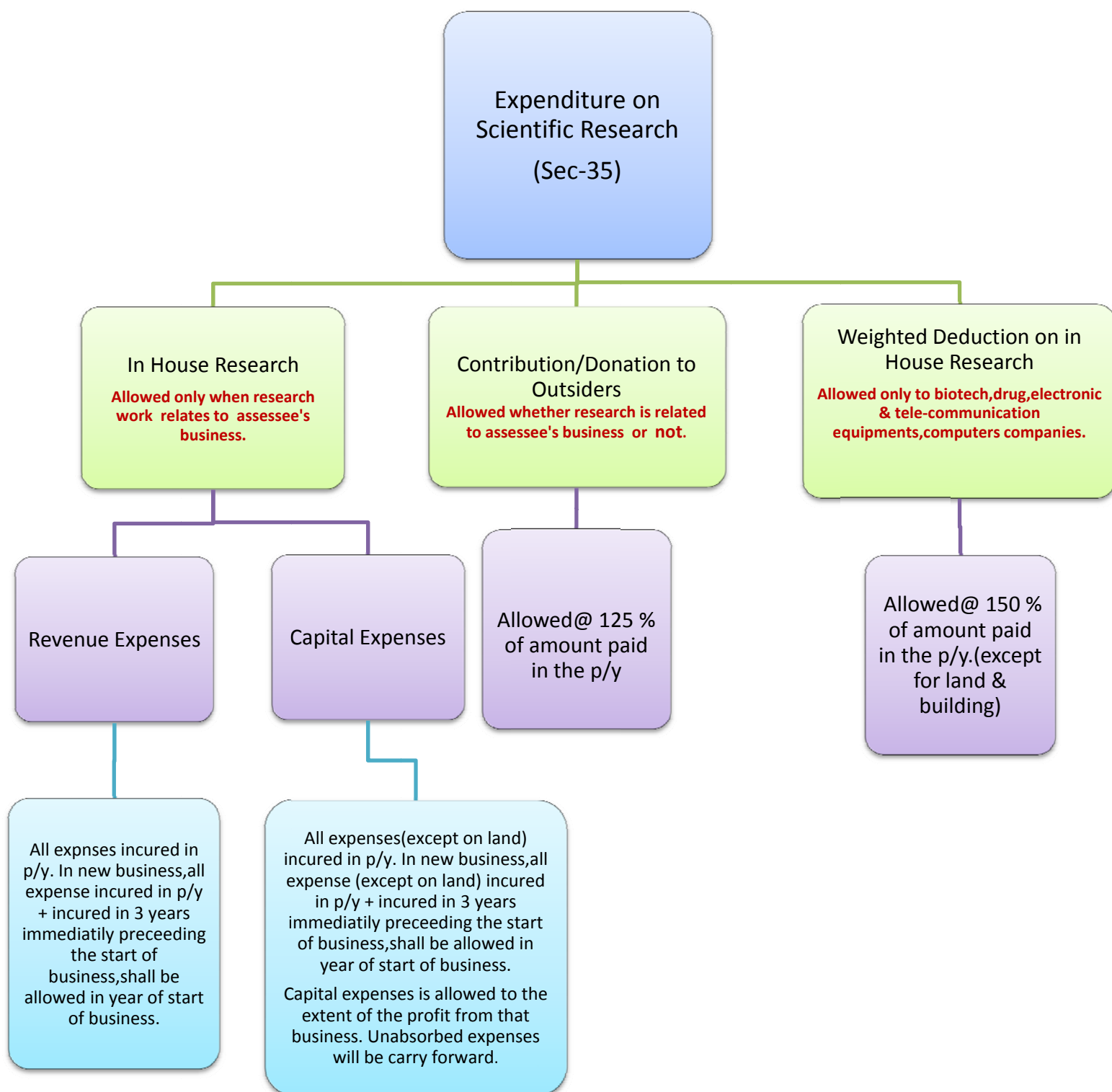


Scientific Research (Sec 35)



Scientific Research (Sec 35)

No double deduction: If deduction has been allowed for the cost of asset u/s 35, assessee would not be entitled to deduction for depreciation u/s 32.

An amount equal to 125% of any sum paid to a company to be used by it for scientific research is allowed as a deduction.

Provided that such company—

- (A) is registered in India,
- (B) has as its main object the scientific research and development,
- (C) is approved by the prescribed authority and
- (D) Fulfils such other conditions as may be prescribed

With a view to avoid multiple claims for deduction, Act has provided that a company approved u/s 34 (1) (ii a) will not be entitled to claim weighted deduction of 150 % u/s 35 (2 AB). However deduction to the extent of 100 % of the sum spent as revenue expenditure on scientific research which is allowed u/s 35 (1) will be continue to be allowed.

Relevant points

- There is no requirement that scientific research carried on by such company should be related to the business of donor.
- Any person whether company or not, can avail of this deduction under above clause by making payment to any company approved for this purpose.
- Contribution/donation to outsider includes contribution for research in social science or statistical research to a university, college or other institution approved for this purpose, by the central government and notified in the Official Gazette.

Scientific Research (Sec 35)

Sale of assest used
for Scientific
Research

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graph TD; A[Sale of assest used for Scientific Research] --> B[Sold without using for other purpose]; A --> C[Sold after using for business purpose]; B --> D[Net sale price or cost of assest which was earlier allowed as deduction u/s sec 35 which is less, shall be treated as business income of p/y in which such assest sold. Excess of sale price over cost will be subject to provisions of capital gains. It is not relevent whether business was in existence in p/y or not.]; C --> E[Assest include in relevent block at nil value. When this assest is sold,deduct the money payable from the block in which such assest was earlier included.];
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Sold without using for
other purpose

Net sale price or cost of assest which was earlier allowed as deduction u/s sec 35 which is less, shall be treated as business income of p/y in which such assest sold. Excess of sale price over cost will be subject to provisions of capital gains. It is not relevent whether business was in existence in p/y or not.

Sold after using for
business purpose

Assest include in relevent block at nil value. When this assest is sold,deduct the money payable from the block in which such assest was earlier included.