

आयकर अपीलीय अधिकरण, 'डी' न्यायपीठ, चेन्नई

IN THE INCOME TAX APPELLATE TRIBUNAL  
'D' BENCH, CHENNAI

श्री एन.आर.एस. गणेशन, न्यायिक सदस्य एवं  
श्री ए. मोहन अलंकामणी, लेखा सदस्य केसमक्ष

BEFORE SHRI N.R.S. GANESAN, JUDICIAL MEMBER AND  
SHRI A. MOHAN ALANKAMONY, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.297/Mds/2017

निर्धारण वर्ष / Assessment Year : 2011-12

Dr. S.S. Lakshmanan,  
C/o R.N. Patel & G. Surulivel,  
Advocates & Tax Consultants,  
16, First Street, Dr.Thirumurthi Nagar,  
Chennai - 600 034.

v. The Assistant Commissioner of  
Income Tax,  
Business Circle VI,  
Chennai - 600 034.

PAN : AAAPL 7578 E

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri M. Karunakaran, Advocate

प्रत्यर्थी की ओर से/Respondent by : Ms. S. Vijayaprabha, JCIT

सुनवाई की तारीख/Date of Hearing : 25.09.2017

घोषणा की तारीख/Date of Pronouncement : 25.09.2017

### **आदेश /O R D E R**

**PER N.R.S. GANESAN, JUDICIAL MEMBER:**

This appeal of the assessee is directed against the order of the Commissioner of Income Tax (Appeals) -5, Chennai, dated 11.05.2016 and pertains to assessment year 2011-12.

2. The only issue arises for consideration is disallowance of expenditure incurred by the assessee for renovating the leased hospital premises.

3. Shri M. Karunakaran, the Ld.counsel for the assessee, submitted that the assessee has taken a property on lease 30 years ago. During the year under consideration, the assessee incurred certain expenditure for renovating the building. According to the Ld. counsel, the expenditure was incurred by the assessee for replacing flooring, false ceiling, bathroom fittings, electricals fittings, etc. These expenditures were claimed as revenue expenditure while computing the total income. However, according to the Ld. counsel, the Assessing Officer disallowed the expenditure on the ground that they are capital expenditure. According to the Ld. counsel, no structural change was made, building remained the same and the building was made fit for continuing the profession of the assessee. According to the Ld. counsel, the hospital should be maintained in a clean and good sanitary conditions so that the patients would like to visit the hospital for treatment.

4. On the contrary, Ms. S. Vijayaprabha, the Ld. Departmental Representative, submitted that the expenditure incurred by the

assessee on lease building gives an enduring benefit to the assessee. Therefore, according to the Ld. D.R., the CIT(Appeals) has rightly confirmed the order of the Assessing Officer.

5. We have considered the rival submissions on either side and perused the relevant material available on record. It is not in dispute that the assessee took a premises on lease and is running a hospital for more than 30 years. The assessee has now incurred certain expenditure for changing the flooring, false ceiling, electrical fittings, etc. No structural change has been made. No new construction has been made. Therefore, this Tribunal is of the considered opinion that the expenses incurred by the assessee are in revenue field. Therefore, it cannot be construed as capital expenditure. In view of this, we are unable to uphold the orders of the authorities below. Therefore, the orders of both the authorities below are set aside and the addition made by the assessee is deleted.

6. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the open court on 25<sup>th</sup> September,  
2017 at Chennai.

Sd/-  
(ए. मोहन अलंकामणी)  
(A. Mohan Alankamony)  
लेखा सदस्य/Accountant Member

sd/-  
(एन.आर.एस. गणेशन)  
(N.R.S. Ganesan)  
न्यायिक सदस्य/Judicial Member

चेन्नई/Chennai,  
दिनांक/Dated, the 25<sup>th</sup> September, 2017.

Kri.

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त (अपील)/CIT(A)-5, Chennai-34
4. Principal CIT-9, Chennai
5. विभागीय प्रतिनिधि/DR
6. गार्ड फाईल/GF.