

आयकर अपीलीय अधिकरण, पुणे न्यायपीठ “बी” पुणे में  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE BENCH “B”, PUNE**

श्री डी. करुणाकरा राव , लेखा सदस्य  
एवं श्री विकास अवस्थी, न्यायिक सदस्य के समक्ष

**BEFORE SHRI D.KARUNAKARA RAO, AM  
AND SHRI VIKAS AWASTHY, JM**

आयकर अपील सं. / ITA Nos.2142 to 2144/PUN/2016  
निर्धारण वर्ष / Assessment Years : 2009-10 to 2011-12

AMJ Land Holdings Ltd.,  
(Formerly known as Pudumjee Pulp  
& Paper Mills Ltd.),  
Thergaon, Pune – 411 033  
PAN : AABCP0310Q

.... अपीलार्थी/Appellant

Vs.

Asst. Commissioner of Income Tax,  
Circle-10, Pune- 411 044

.... प्रत्यर्थी / Respondent

Assessee by : Shri Nikhil Pathak  
Revenue by : Shri Mukesh Jha

सुनवाई की तारीख / <b>Date of Hearing : 23.07.2018</b>	घोषणा की तारीख / <b>Date of Pronouncement: 01.08.2018</b>
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**आदेश / ORDER**

**PER D. KARUNAKARA RAO, AM :**

There are three appeals filed by the assessee under consideration involving Assessment Years 2009-10 and 2011-12. They are filed against the separate orders of CIT(A)-6, Pune, commonly dated 28-06-2016. All these appeals are taken up for adjudication by this composite order.

2. At the outset, Ld. Counsel for the assessee submitted that the appeal No.2144/PUN/2016 for A.Y. 2011-12 is not pressed. Accordingly, the said appeal is dismissed as ‘not pressed. That leaves two appeals ITA Nos. 2142 and 2143/PUN/2016 for adjudication and the appeal wise adjudication of the said appeals are taken up in the following paragraphs.

**ITA No.2142/PUN/2016**  
**A.Y. 2009-10**

3. Grounds raised by the assessee read as under :

*“1. Dis-allowance of Additional Depreciation: Rs. 1,56,193 out of claim of Rs. 22,74,873.*

*(a) On the facts and in the circumstances of the case, the Commissioner of Income Tax (Appeals) erred in disallowing the additional depreciation of Rs. 1,56,193 (out. of the total claim of Rs. 22,74,873) on the additions made to the plant and machinery of Rs.7,80,963, calling them as spare parts (presumably), out of the total addition to machinery of Rs. 110.74 Lakhs. Whereas on the new machinery, installed at the plant, the Assessing Officer allowed normal depreciation, the CIT (Appeals) erred in confirming the action of the assessing officer in denying the additional depreciation on additions of Rs. 7,80,963 .*

*(b) On the facts and in the circumstances of the case, the CIT (Appeals) further erred in dismissing the alternative submission made by the Appellant that in the event of the claim of additional depreciation is disallowed the entire cost of machinery may be allowed as repairs and replacement of machinery as a revenue expenditure. He should have held the amount of Rs. 7,80,963 as a revenue expenditure.*

*(c) On the facts and in the circumstances of the case, the CIT( Appeals) further erred in dis-regarding the crux of the Hon. Tribunal's Order in the case of Appellant, on the same and identical matter, for the Assessment Years 2007-08 and 2008-09 and respecting the said Order he should have allowed the claim of additional depreciation of Rs. 22,74,873, in toto,*

*2 Your Appellant craves leave to add, alter or amend the Grounds of Appeal on or before the hearing of this appeal.”*

4. Referring to Ground Nos. 1(1) to 1(c), Ld. Counsel for the assessee submitted that the only issue for adjudication relates to allowing the claim of additional depreciation on the sundry expenses of Rs.7,80,963/- for the A.Y. 2009-10 which were actually capitalized to the asset account on which normal depreciation was claimed and undisputedly already allowed by the AO.

5. Giving facts, Ld. Counsel for the assessee brought our attention to page 5 of the paper book and submitted that assessee installed plant and machinery procured from (1) Jyoti Ltd., (2) Servali Engineering Works Pvt. Ltd., and (3) Parson Machinery Pvt. Ltd., and claimed depreciation on the assets including the capitalized sum of Rs.7,80,963/-. This amount is incurred on sundry accounts. Bringing our attention to page 9 of the paper

book, Ld. Counsel for the assessee listed out the nature of expenditure which are incurred as they are required for installation of the plant and machinery about which there is no dispute. Therefore, it is the case of Ld. Counsel for the assessee that sum of Rs.7,80,963/- was incurred in connection with the installation of plant and machinery which are depreciable assets. AO allowed the claim of normal depreciation on these capitalized expenditure as well. However, he denied the claim of additional depreciation giving flimsy grounds of non-furnishing of details and also on holding that the items mentioned at page 9 of the paper book constitute plant and machinery in their individual capacity.

6. Ld. DR for the Revenue relied on the orders of the AO and the CIT(A).

7. On hearing both the parties, we find allowing of additional depreciation on capitalized amount of Rs.7,80,963/- is the subject matter of litigation before us. On perusal of the facts furnished before us, we find there is no dispute about the genuineness of this expenditure and investment of such expenditure for installation of the eligible plant and machinery. AO also granted normal depreciation on such capitalized sundry expenses. However, the AO denied the claim of additional depreciation on the claim of sundry expenses without giving sustainable reason for the denial. Rs.7,80,963/- stands already loaded to the cost of the assets and the same is allowed by the AO at the time of allowing the normal depreciation on the said assets consisting the loaded cost of the assets. In our view, these expenses constitute part of the eligible plant and machinery for claim of additional depreciation over and above the normal depreciation. Therefore, in our view, the finding of the AO and the CIT(A) is unsustainable. The issue raised by the assessee is allowable. AO is directed to grant additional depreciation on this part of capitalized expenditure on account of

plant and machinery. Accordingly, the issue raised by the assessee is allowed.

8. In the result, the appeal of the assessee is allowed.

**ITA No.2143/PUN/2016**  
**A.Y. 2010-11**

9. The issue raised by the assessee in this appeal is also identical. Therefore, our decision in granting additional depreciation on the capitalized expenditure on account of plant and machinery shall apply to this assessment year too. Thus, the grounds raised by the assessee are allowed.

10. In the result, the appeal of the assessee is allowed.

11. To sum up, ITA No.2144/PUN/2016 filed by the assessee is dismissed and ITA Nos. 2142 & 2143/PUN/2016 filed by the assessee are allowed.

Order pronounced on 01<sup>st</sup> day of August, 2018.

Sd/-

Sd/-

**(VIKAS AWASTHY)**

**(D. KARUNAKARA RAO)**

**न्यायिक सदस्य / JUDICIAL MEMBER**

**लेखा सदस्य / ACCOUNTANT MEMBER**

पुणे Pune; दिनांक Dated : 01<sup>st</sup> August, 2018  
सतीश

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent
3. The CIT(A)-6, Pune
4. The Pr.CIT-5, Pune
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "B Bench" Pune;
6. गार्ड फाईल / Guard file.

**आदेशानुसार/ BY ORDER,**

सत्यापित प्रति //True Copy//

Senior Private Secretary  
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune