

**In the Income-Tax Appellate Tribunal,
Delhi Bench 'F', New Delhi**

**Before : Shri H.S. Sidhu, Judicial Member And
Shri L.P. Sahu, Accountant Member**

**ITA No. 1801/Del/2016
Assessment Year: 2012-13**

Infres Methodex Pvt. Ltd., Plot No. D-7, Block B-1, Mohan Cooperative Indl. Area, Mathura Road, New Delhi. PAN: AABCL1964R (Appellant)	vs.	DCIT, Circle 12(1), New Delhi. (Respondent)
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Appellant by	Sh. Amit Whorra, C.A.
Respondent by	Sh. Surender Pal, Sr. DR

Date of Hearing	29.01.2019
Date of Pronouncement	31.01.2019

ORDER

Per L.P. Sahu, A.M.:

This is an appeal filed by the assessee against the order of Id. CIT(A)-4, New Delhi dated 09.02.2016 for the assessment year 2012-13 on the following ground :

“That on the facts and in the circumstances of the petitioner-company’s case, the learned Commissioner of Income-tax (appeals) is wrong in upholding the disallowance of Rs.21,94,041 for ERP Software expenses disallowed by the Assessing Officer considering the same as capital expenditure / prior period expenditure.”

2. In this case, the issue involved is whether the ERP (Enterprises Resource Planning) Software expenses of Rs.21,94,041/- claimed by the

assessee are capital in nature or Revenue in nature. The assessee claimed these expenditures as Revenue expenses liable to be deducted as per law in view of various decisions relied before the authorities below. However, the Assessing Officer treated these expenditure as capital in nature after relying other many decisions, as mentioned in the assessment order and after rejecting the claim of assessee, added a sum of Rs.21,94,041/- to the total income of the assessee. The assessee carried the matter in appeal before the Id. CIT(A) who endorsed the action of the AO vide impugned order. The relevant part of the impugned order reads as under :

The Ground No. 2 is against the capitalization of software expenses of Rs 21,94,041/-. The AO has argued at length that the software expenses have to be capitalized because of the enduring nature of the assets. The AO has also mentioned that there is one bill amounting to Rs 21,440/- which pertains to this assessment year and remaining bills totaling to Rs 21,72,601/- are w.r.t. the prior period and therefore added an amount of Rs 21,94,041/- on account of software expenses after capitalizing the same. Keeping in mind elaborate discussion made by the AO, and the argument put forth by the appellant, I agree with the AO in holding that the software expenses are to be capitalized. This addition is upheld.

Aggrieved, the assessee is in appeal before the Tribunal.

3. Having gone through the facts of the case, orders of the authorities below and the contentions of assessee made before the authorities below, we find that the Id. CIT(A) has passed the impugned order in a very slipshod manner. He has not assigned even any reason for his decision nor mentioned the points for determination. But straightway went on to endorse the action of

the Assessing Officer. As per provisions of section 250(6) of the IT Act, the Id. CIT(A) is required to give the points for determination, decision thereon and the reason for such decision, which is completely lacking in the present case. Therefore, for want of speaking findings of the Id. CIT(A), we think it appropriate to remit the matter back to the file of the Id. CIT(A) for deciding the same afresh by way of speaking order on each and every aspect of the case. Needless to say, the assessee shall be given reasonable opportunity of being heard.

4. Accordingly, the appeal is allowed for statistical purposes.

Order pronounced in the open court on 31.01.2019.

Sd/-

(H.S. Sidhu)
Judicial member

Sd/-

(L.P. Sahu)
Accountant Member

Dated: 31.01.2019

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Copy of order forwarded to:

(1) <i>The appellant</i>	(2) <i>The respondent</i>
(3) <i>Commissioner</i>	(4) <i>CIT(A)</i>
(5) <i>Departmental Representative</i>	(6) <i>Guard File</i>

By order

Assistant Registrar
Income Tax Appellate Tribunal
Delhi Benches, New Delhi