

आयकर अपीलिय अधिकरण, 'बी' न्यायपीठ, चेन्नई।  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**'B' BENCH: CHENNAI**

श्री धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य एवं श्री एस जयरामन, लेखा सदस्य के समक्ष  
**BEFORE SHRI DUVVURU RL REDDY, JUDICIAL MEMBER AND**  
**SHRI S. JAYARAMAN, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.460/Chny/2019

निर्धारण वर्ष /Assessment Year: 2015-16

M/s. GP Strategies India Pvt. Ltd.,  
No.4/363, Block B, 1<sup>st</sup> and 2<sup>nd</sup> Floor,  
Old Mahabalipuram Road,  
Kandanchavadi,  
Chennai – 600 096.

**[PAN: AACCG 7377H]**

(अपीलार्थी/Appellant)

The Asst. Commissioner of  
Income Tax (OSD),  
Corporate Range-2,  
Chennai.

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/ Appellant by

: Shri Arun Joseph, Advocate

प्रत्यर्थी की ओर से /Respondent by

: Shri R. Anitha, JCIT

सुनवाई की तारीख/Date of Hearing

: 26.10.2020

घोषणा की तारीख /Date of Pronouncement

: 03.12.2020

**आदेश / O R D E R**

**PER SHRI S. JAYARAMAN, ACCOUNTANT MEMBER:**

The Assessee filed this appeal against the order of the  
Commissioner of Income Tax (Appeals)-5, Chennai, in ITA  
No.135/TR/CIT(A)-5/2017-18 dated 27.12.2018 for the assessment year  
(AY) 2015-16.

2. M/s. G.P Strategies India Pvt. Ltd., the assessee, is engaged in the business of training and technical services. While making the assessment for AY 2015-16, the Assessing Officer (AO) found that the assessee had written off Rs. 71,93,801/- as leasehold improvements. The assessee submitted that it shifted its office premises from Annamalaipuram to Kandhanchavadi in Old Mahabalipuram Road on a leased premises and it spent them towards materials purchased for the interior decoration and other electrical installations to accommodate all work stations and staff. The AO held that though initially, the lease was for a period of three years, the assessee had renewed the lease after three years and the offices are presently functioning from there only. Therefore, he held that there is an enduring benefit and hence the impugned sum has to be capitalized. Accordingly, he granted depreciation @ 10% on the sum and disallowed the balance sum of Rs. 64,74,421/-. Further, the AO found that the assessee purchased software for the use of its business and claimed depreciation @ 60% which was categorized as an intangible asset. Therefore, the AO held that this asset is eligible for depreciation @ 25% accordingly disallowed the balance 35% and completed the assessment. Aggrieved, the assessee filed an appeal before CIT(A). The Id. CIT(A) dismissed the appeal. Aggrieved against that order of Id. CIT(A), the assessee filed this appeal.

3. The case was heard through video conferencing. The Id. AR inviting our attention to page No.10 of the paper book submitted that the Ld. CIT(A) did not consider revenue expenditure, per se, and erred in holding that the repairs and renovation expenses incurred on the leased premises as capital expenditure. On the restriction of depreciation claim on the computer software, inviting our attention to the relevant entry under old appendix I Clause III(5) and relying on the decision of Hon'ble Jurisdictional High Court in the case of *CIT vs. Computer Age Management Services (P.) Ltd. [2019] 109 taxmann.com 134 (Mad.)* submitted that the appeal may be allowed. Per contra, the Id. DR submitted that the Ld. CIT(A) on examination of relevant material upheld the capitalization of expenditure and allowance of depreciation and on the 60% depreciation claim, the assessee has not placed relevant material before the Ld. CIT(A) and thus supported the orders of the lower authorities.

4. We have heard the rival submissions and gone through the relevant material. It is seen from the assessment order that the AO decided the issues cryptically. Though the assessee submits that it has placed relevant material before the lower authorities, it is clear that the assessee has not clarified before the lower authorities which are the items in its view are revenue expenditure, per se, and which items of

expenditure could be considered for capitalization etc. Similarly, the nature of software purchased, its use, basis of assessee's treatment in the books etc. are not examined and brought on record by the lower authorities. The Ld. CIT(A) records a finding on the first issue, however on the second issue holds that necessary material is not placed before him. In the facts and circumstances, we deem it fit to remit these issues back to the AO for a fresh examination. The assessee shall lay relevant evidence/material in support of its contention before the AO and comply with his requirements in accordance with law. The AO on due examination after affording due opportunity to the assessee and on due consideration of the Hon'ble Jurisdictional High Court's decision supra, would decide the issues in accordance with law.

5. In the result, the appeal filed by the assessee is treated as partly allowed.

*Order pronounced on the day of 03<sup>rd</sup> December, 2020 in Chennai.*

Sd/-

(धुव्वुरु आर.एल रेड्डी)

(DUVVURU RL REDDY)

न्यायिक सदस्य/JUDICIAL MEMBER

Sd/-

(एस. जयरामन)

(S. JAYARAMAN)

लेखा सदस्य /ACCOUNTANT MEMBER

चेन्नई/Chennai, दिनांक/Dated: 03<sup>rd</sup> December, 2020.

EDN, Sr. P.S

आदेश की प्रतिलिपि अग्रेषित/**Copy to:**

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