

आयकर अपीलीय अधिकरण "ए" न्यायपीठ पुणे में ।  
IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, PUNE

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER  
AND  
SHRI S.S. VISWANETHRA RAVI, JUDICIAL MEMBER

आयकर अपील सं. / ITA No.2898/PUN/2017  
निर्धारण वर्ष / Assessment Year : 2012-13

Smart Card IT Solutions Ltd.,  
837/2, Sanaswadi, Shirur,  
Pune Nagar Road,  
Pune – 412208

PAN : AAECR7103A

.....अपीलार्थी / Appellant

**बनाम / V/s.**

Dy. Commissioner of Income Tax,  
Circle – 1(2), Pune

.....प्रत्यर्थी / Respondent

Assessee by : N O N E  
Revenue by : Shri S.P. Walimbe

सुनवाई की तारीख / Date of Hearing : 15-12-2021  
घोषणा की तारीख / Date of Pronouncement : 10-03-2022

**आदेश / ORDER**

**PER S.S. VISWANETHRA RAVI, JM :**

This appeal by the assessee against the order dated 30-06-2017 passed by the Commissioner of Income Tax (Appeals)-4, Pune [‘CIT(A)'] for assessment year 2012-13.

2. We find no representation on behalf of the assessee nor any application filed seeking adjournment. Thus, the assessee called absent and set ex-parte. Therefore, we proceed to dispose of the appeal by hearing the ld. DR and perusing the material available on record.

3. The assessee raised two grounds of appeal amongst which the only issue is to be considered is as to whether the CIT(A) is justified in confirming the addition made by the AO on account of repairs and renovation expenditure towards leasehold property in the facts and circumstances of the case.

4. Heard ld. DR and perused the material available on record. The assessee claimed furniture and interior decoration expenses for its Bombay Office as revenue expenditure to an extent of Rs.64,03,090/-. The AO held there was no logic to claim revenue expenditure and the expenditure claimed is capitalized and denied the claim of assessee on account of revenue expenditure but however allowed depreciation @ 5%. The CIT(A) observed that the assessee itself claimed other part of expenditure as capital and there was no explanation by the assessee as to why the expenditure on furniture and interior decoration is revenue in nature and confirmed the order of AO. The assessee contended before the AO that an amount of Rs.64,03,090/- is claimed as revenue expenses out of total expenditure of Rs.1,18,60,851/-. Further, it was also contended the expenditure to some extent was capitalized. We note that the assessee's only contention is that the interior decoration expenses in its Bombay Office cannot be removed from lease premises and sought to be claimed as revenue expenses. We find no merit in the contentions as made by the assessee before the AO and CIT(A) that in view of the settled position that the expenditure incurred on rented premises cannot be treated as revenue in terms of provisions of Explanation 1 to section 32 of the Act. The AO by treating the said expenses as capital in nature and allowed depreciation also. Further, we note that the assessee contended through grounds raised before us that the CIT(A) without appreciating the repairs and renovation expenses confirmed the order of AO. We find that the said

contention is contrary to the explanation offered to AO in the assessment proceedings which is at Page No. 3 of the assessment order that the assessee incurred expenses to an extent of Rs.64,03,090/- in terms of addition to its Bombay Office in respect of furniture and interior decoration. Therefore, following the legal position that the expenditure incurred on rented premises in terms of furniture and interior decoration repairs and renovation cannot be treated as revenue. Thus, we find no infirmity in the order of CIT(A) and it is justified. Thus, the ground Nos. 1 and 2 raised by the assessee are dismissed.

5. In the result, the appeal of assessee is dismissed.

Order pronounced in the open court on 10<sup>th</sup> March, 2022.

Sd/-  
(Inturi Rama Rao)  
ACCOUNTANT MEMBER

Sd/-  
(S.S. Viswanethra Ravi)  
JUDICIAL MEMBER

पुणे / Pune; दिनांक / Dated : 10<sup>th</sup> March, 2022.  
रवि

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

1. अपीलार्थी / The Appellant.
2. प्रत्यर्थी / The Respondent.
3. The CIT(A)-4, Pune
4. The Pr. CIT-3, Pune
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, "ए" बेंच,  
पुणे / DR, ITAT, "A" Bench, Pune.
6. गार्ड फ़ाइल / Guard File.

//सत्यापित प्रति// True Copy//

आदेशानुसार / BY ORDER,

वरिष्ठ निजी सचिव / Sr. Private Secretary  
आयकर अपीलीय अधिकरण ,पुणे / ITAT, Pune