

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'C', NEW DELHI**

Before Sh. N. K. Choudhary, Judicial Member

Dr. B. R. R. Kumar, Accountant Member

ITA No. 2550/Del/2018 : Asstt. Year : 2013-14

ITA No. 4393/Del/2018 : Asstt. Year : 2014-15

Indo British Garments P. Ltd., C-16, Community Centre, Janakpuri, Behind Janak Cinema, New Delhi-110058	Vs	ACIT, Circle-12(1), New Delhi-110002
(APPELLANT)		(RESPONDENT)
PAN No. AAACI7874B		

Assessee by : Sh. Kamal Bansal, CA

Revenue by : Sh. Ravi Kant Choudhary, Sr. DR

Date of Hearing: 31.08.2022

Date of Pronouncement: 14.11.2022

ORDER

Per Dr. B. R. R. Kumar, Accountant Member:

These appeals have been filed by the assessee against the order of Id. CIT(A)-4, New Delhi dated 17.01.2018 and the order of Id. CIT(A)-22, New Delhi dated 28.02.2018.

2. Since, the issue involved in both the appeals are identical, they were heard together and being adjudicated by a common order.

Disallowance of Expenditure:

3. The solitary issue in this appeal is that the assessee has capitalized the said expenses in their financial statements and treated the same as royalty and claimed the same as revenue expenditure in the computation of income. The AO held that since the assessee itself has capitalized the said expenses in its

financial statements and disallowed revenue expenditure claimed. The facts revealed that the assessee entered into a software license agreement with World Fashion Exchange India Pvt. Ltd. for ERP software named WFX-ERP-II and claimed that since the payment was for the use of software, the same should be treated as royalty and allowed as revenue expenditure. We find that the same has been capitalized in the books of accounts. Since, the same has been capitalized, we confirm the order of the revenue authorities and as the payment made is for obtaining computer software, we hold that the assessee is eligible to claim depreciation as per the provisions of Income Tax Act.

4. In the result, the appeals of the assessee are allowed.
Order Pronounced in the Open Court on 14/11/2022.

Sd/-

(N. K. Choudhary)
Judicial Member

Sd/-

(Dr. B. R. R. Kumar)
Accountant Member

Dated: 14/11/2022

Subodh Kumar, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR