

**IN THE INCOME TAX APPELLATE TRIBUNAL  
JODHPUR BENCH, JODHPUR  
BEFORE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER  
AND  
DR. DIPAK P. RIPOTE, ACCOUNTANT MEMBER**

**ITA No.261/JODH/2019  
Assessment Year : 2010-11**

Royal Suiting Private Limited, 6-S-1, Royal Palace, Basant Vihar, Bhilwara, Rajasthan PAN: AAACR7971G	Vs	Income Tax Officer, Ward-1, Bhilwara
Appellant / Assessee		Respondent / Revenue

Assessee by	None
Revenue by	Ms. Nidhi Nair, JCIT-DR
Date of hearing	09.08.2023
Date of pronouncement	09.08.2023

**ORDER**

**PER DR. DIPAK P. RIPOTE, AM:**

This is an appeal filed by the assessee against the order of Id. CIT(A), Ajmer dated 10.06.2019 emanating from the order of Income Tax Officer, Ward-1, Bhilwara passed under section 154 dated 31.08.2018. The grounds of appeal raised by the assessee are as under:-

- “1. That assessee company made addition in plant & machinery of Rs. 21, 45,124/- and claimed depreciation thereon.*
- 2. That A.O. disallowed the depreciation on these additions and completed the assessment by stating that these are not plant & machinery but fails to allow as revenue expenditure against which filed appeal an appeal was dismissed.*

3. That assessment was completed u/s 143(3) against which assessee preferred an appeal before CIT (A) Ajmer and appeal was dismissed.

4. That assessee company filed appeal before ITAT Jodhpur and ITAT allowed the appeal and directed to A.O. to allow as revenue expenditure of Rs. 21,45,124/-.

5. That assessee company filed application before ITO u/s 154 to allow the revenue expenditure as directed by ITAT but A.O. partly allow the relief by stating that relief by the ITAT by reducing the book profit for calculation of MAT and rejected the application. 6. That all expenditure of Rs. 21,45,124/- which are in revenue nature should be allowed for purpose of calculation for MAT tax liability which A.O. does not accepted application filed u/s 154 of the IT act.

7. That assessee company creavase to add or amend any grounds of appeal at time of hearing.”

2. We have heard ld. DR and perused the record.

3. It is observed that the ITO, Ward-1, Bhilwara while giving effect to the order of the ITAT in ITA No. 72/Jodh/2015 dated 14.03.2016 for assessment year 2010-11 has not allowed the assessee's claim of deduction of Rs. 21,45,124/- from the book profit for calculation of MAT. Therefore, assessee had filed an application for rectification under section 154 of the Act. The ITO rejected assessee's application for rectification.

We have perused order of the ITAT in the case of assessee in ITA No. 72/Jodh/2015 for assessment year 2010-11 dated

14.03.2016. It is observed that ITAT held that the expenditure of Rs. 21,45,124/- claimed by assessee is a Revenue expenditure and hence is an allowable expenditure. Once ITAT has held that the expenditure of Rs. 21,45,124/- is a Revenue expenditure then it is the duty of the ITO to allow the said expenditure as deduction. Even under MAT, the said amount will be Revenue expenditure only and hence ITO has to allow.

4. In these facts and circumstances of the case, the ITO is directed to allow the said expenditure as Revenue expenditure even for the purpose of MAT calculation. Accordingly grounds of appeal raised by the assessee are allowed.

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

Order pronounced in the Open Court on 09<sup>th</sup> August, 2023.

*Sd/-*

**(PAVAN KUMAR GADALE)**  
**JUDICIAL MEMBER**

Dated: 09/08/2023

*Sh.*

Copy to:

1. The Appellant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR
6. Guard File

*Sd/-*

**(DR. DIPAK P. RIPOTE)**  
**ACCOUNTANT MEMBER**

Asstt. Registrar

Jodhpur Bench