



IN THE INCOME TAX APPELLATE TRIBUNAL  
"I" BENCH, MUMBAI

BEFORE SHRI PRASHANT MAHARISHI, AM  
AND  
SHRI SUNIL KUMAR SINGH, JM

ITA No.2727/MUM/2024

A.Y.2015-16

Asst Commissioner of Income  
Tax,  
Circle 6(1)(2),  
Mumbai

Vs

Franklin Templeton Asset  
Management (I) Pvt. Ltd.,  
One International Centre,  
Tower 2, 12<sup>th</sup> 13<sup>th</sup> Floor,  
Senapati bapat Marg,  
Elphinstone (W), Delisle  
Road, S.O.,  
Mumbai 400013

(Appellant)

(Respondent)

PAN

AAACT 1609B

Assessee by  
Revenue by  
Date of hearing  
Date of pronouncement

Shri Anish Thacker & Lekh Mehta  
Shri Anil Sant- Addl., CIT(DR),  
22<sup>nd</sup> July, 2024  
07<sup>th</sup> October, 2024

ORDER

PER PRASHANT MAHARISHI, AM:

1. ITA No. 2727/M/2024 is filed by the Assistant Commissioner of Income Tax-6 (1) (2), Mumbai (the learned Assessing Officer against the appellate order passed by the Commissioner of Income Tax (A) – 56, Mumbai (the learned CIT – A) for Assessment Year 2015 – 16 dated 21/3/2024 wherein the appeal filed by the assessee against the assessment order passed



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- under section 143 (3) read with section 144C of the income tax Act, 1961 (the act) dated 18/12/2018 passed by the Deputy Commissioner of Income Tax Circle - 6 (3) (1), Mumbai (the learned Assessing Officer) was partly allowed.
2. The learned AO aggrieved with that order has preferred this appeal raising 2 is of appeal. The first ground of appeal is with respect to the depreciation of goodwill of Rs. 19,607,917/- allowed by the learned CIT - A which was disallowed by the learned AO stop second issue is with respect to the claim of the expenditure under the head launch expenses of Rs.76,317,661/- claimed by the assessee as allowable under section 37 (1) of the act whereas the learned Assessing Officer held that same is a one-time expense generating advantage for future years and therefore it is a capital expenditure which was allowed by the learned CIT - A.
  3. The brief fact of the case shows that assessee is an asset management company of Franklin Templeton mutual fund and is engaged in the business of managing scheme of the above mutual fund including providing transfer agency services and portfolio management services. Assessee filed its return of income on 27/11/2015 declaring total income of Rs. 185,03,68,510/-. The assessment was passed under section 143 (3) by the learned assessing officer



computing the total income of the assessee at Rs. 1,946,294,080 and he disallowed the claim of depreciation on goodwill and launch expenses amounting to Rs.19,607,917/- and Rs. 76,317,661/-.

4. On appeal before the learned CIT – A both the above deduction was allowed to the assessee. Therefore, the learned assessing officer is aggrieved and is in appeal. The learned Departmental Representative vehemently supported the order of the learned Assessing Officer.
5. The learned Authorized Representative submitted a paper book stating that the first issue is with respect to the disallowance of depreciation on goodwill which is covered in favour of the assessee by the decision of the coordinate benches for several earlier years and, therefore, same is covered in favour of the assessee. Therefore, there is no infirmity in the order of the learned CIT – A in deleting the above disallowance. With respect to the second issue of the disallowance of launch expenses is submitted that identical issue is considered by the coordinate benches in assessee's own case for earlier years and same were held to be revenue in nature. Even the Hon'ble Bombay High Court did not admit the appeal of the revenue on this issue for Assessment Years 1997- 98 and 1998 – 99 and, therefore, now this



issue is squarely covered in favour of the assessee. Thus, the issues are squarely covered in favour of the assessee.

6. We have carefully considered the rival contention and perused the orders of the learned lower authorities along with the paper book filed by the assessee wherein several judicial precedents in case of the assessee itself are relied upon on both the issues.
7. We find that the first issue relates to the allowable depreciation on goodwill amounting to Rs.19,607,917/-. It is agreed by the parties that the above issue is covered by the decision of the coordinate bench in assessee's own case for Assessment Years 2005 - 06, 2010 - 11 and 2011 - 12 as well as for Assessment Year 2016 - 17 wherein it has been held that the depreciation on goodwill is an allowable claim of the assessee. There is no change in the facts and circumstances of the case and therefore we find that ground number 1 is squarely covered against the learned assessing officer and in favour of the assessee. Accordingly, Ground No. 1 is dismissed.
8. Ground No. 2 is with respect to the issue whether the launch expenses incurred by the assessee are capital expenditure or revenue expenditure. The claim of the assessee is those expenses are revenue in nature, the claim of the learned AO is that those expenditure



are capital in nature as it gives a benefit to the assessee for future years. This issue has already been decided in case of the assessee by the coordinate bench for Assessment Year 1997 – 98 and 98 – 99 in ITA Nos. 2943 and 413 dated 8<sup>th</sup> February, 2005 and 8<sup>th</sup> December, 2006 respectively. Furthermore, the orders were challenged by the learned assessing officer before the honourable High Court and Department and appeal has not been admitted by the honourable High Court. This evidence are placed in the paper book at page Nos. 105 – 115 which are not controverted. Therefore, at present this issue is also squarely covered in favour of the assessee. Accordingly Ground No. 2 of the appeal of the learned Assessing Officer is also dismissed.

9. In the result appeal filed by the learned AO is dismissed.

Order pronounced in the open court on 07/10/2024.

Sd/-

(SUNIL KUMAR SINGH)  
(JUDICIAL MEMBER)

Sd/-

(PRASHANT MAHARISHI)  
(ACCOUNTANT MEMBER)

Mumbai, Dated: 07.10.2024  
*Dragon*

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**ITA No.2727/M/2024**

**A Y : 2015-16**

**ACIT, Mumbai**

**Versus**

**Franklin Templeton Asset Mangement**

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The Appellant, The Respondent, The CIT, The DR ITAT & Guard File

BY ORDER,

Sr. Private Secretary/ Asst. Registrar  
Income Tax Appellate Tribunal, Mumbai