

IN THE INCOME TAX APPELLATE TRIBUNAL
COCHIN BENCH

BEFORE SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
AND SHRI SONJOY SARMA, JUDICIAL MEMBER

I.T.A. No.916/COCH/2024

Assessment Year: 2017-18

Trichur Heart Hospital Ltd.....Appellant
33/647254,
Shakthan Thampuran Nagar,
Thrissur 680001.
[PAN:AABCT1092P]

vs.

DCIT, CIRCLE-1(1) & TPS, THRISSUR.....Respondent

Appearances by:

Shri Harikrishnanunny, CA, appeared on behalf of the assessee.

Smt. Leena Lal, Snr AR, appeared on behalf of the Revenue.

Date of concluding the hearing: June 09, 2025

Date of pronouncing the order: August 12, 2025

ORDER

Per Sonjoy Sarma, Judicial Member:

This appeal by the assessee is directed against the order dated 19.09.2024 passed by the NFAC for the assessment year 2017-18.

2. Brief Facts of the Case are that the assessee is a private limited company engaged in business activity and filed its return of income for A.Y. 2017-18 declaring total income of Rs.1,69,95,566/-. The case was selected for scrutiny and assessment was completed under Section 143(3) of the Income-tax Act, 1961, determining total income at Rs.,15,69,566/- after making an addition of Rs.45,74,000/- under Section 68 of the Act on account of unexplained cash credit. Subsequently, during the performance audit by the Audit Party, it was observed that the assessee had claimed depreciation at 40% on Versa Plus 100 W Holmium Laser Machine. However, as per Income Tax Rules, depreciation allowable on such asset is only 15%. Further, the assessee

had claimed Rs.11,02,558/-in its Profit& Loss account as loss on revaluation of hospital instruments, which was noted to be notional in nature and hence not allowable. Based on these objections, notice under Section 154 of the Act was issued to rectify the mistake apparent from the record. The assessee submitted that the equipment was a life-saving medical device eligible for higher depreciation. However, no documentary evidence or notification supporting this claim was furnished. As a result, the Assessing Officer made disallowance of Rs.12,33,564/- on account of excess depreciation and Rs.11,02,558/- on account of disallowance of loss on revaluation of hospital equipment.

3. The Id.CIT(A) sustained both disallowances. Aggrieved by the above order the assessee is in appeal before the Tribunal.

4. At the time of hearing the learned AR submitted that the higher depreciation40% was rightly claimed as the equipment in question is a life-saving medical equipment. It is argued that under Appendix I to Rule V of the Income Tax Rules,1962, life-saving medical equipment qualifies for depreciation at an enhanced rate. It is further contended that the loss on revaluation of hospital instruments is an allowable expenditure under the consistent accounting policy followed by the company and had been accepted by the department in earlier years.

5. On the other hand, the Id DR supported the orders of the lower authorities and submitted that the assessee had failed to furnish evidence to prove that the machine is covered under the specific category of life-saving equipment eligible for40% depreciation. It was emphasized that unless the item is specifically listed in Appendix I to Rule V higher depreciation cannot be claimed. Similarly, the loss on revaluation being notional in nature is not allowable as per law and Id. CIT(A)rightly dismissed the appeal.

6. We have heard the rival submissions and perused the materials available on record. Insofar as the claim of excess depreciation is concerned, we find that the assessee has not been able to furnish any evidence to demonstrate that the Versa Plus 100 W Holmium Laser Machine is listed as a life-saving medical equipment under Appendix I to Rule V of the Income Tax Rules. Hence, the claim of depreciation at 40% was rightly disallowed and the AO's action in allowing depreciation only at 15% is justified. Regarding the claim of 11,02,558/- as loss on revaluation of hospital instruments, we note that the said loss is notional and not allowable under the provisions of the Income-tax Act. The assessee has failed to produce any documentary evidence or judicial precedents supporting its claim. Therefore, the Id. CIT(A) was correct in sustaining the disallowance. In view of the above discussion, we do not find any merit in the grounds raised by the assessee. Accordingly, we uphold the order of the Id. CIT(A).

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

12th August, 2025

Sd/-
[Inturi Rama Rao]
लेखा सदस्य/**Accountant Member**

Sd/-
[Sonjoy Sarma]
न्यायिक सदस्य/**Judicial Member**

Dated: 12.08.2025

RS

Copy of the order forwarded to:

1. Appellant -
2. Respondent -`
3. CIT(A)-
4. CIT- ,
5. CIT(DR),

//True copy//

By order

Assistant Registrar/Sr. PS, Cochin Benches