

आयकर अपीलीय अधिकरण, 'बी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'B' BENCH, CHENNAI**

श्री एबी टी वर्की, न्यायिक सदस्य एवं श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष
**BEFORE SHRI ABY T VARKEY, JUDICIAL MEMBER AND
SHRI S. R. RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.:1821/Chny/2025

निर्धारण वर्ष / **Assessment Year: 2021-22**

Kalyani Distributions Services, 75/1, DR Ansari Street, Pollachi, Coimbatore – 642 001.	vs.	DCIT, NCC-4, Coimbatore.
[PAN:AAMFK-0290-Q] (अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by : Shri. A. Suraj Nahar, C.A.

प्रत्यर्थी की ओर से/Respondent by : Shri. Gouthami Manivasagam, JCIT

सुनवाई की तारीख/Date of Hearing : 10.12.2025

घोषणा की तारीख/Date of Pronouncement : 22.12.2025

आदेश / O R D E R

PER S. R. RAGHUNATHA, AM :

The present appeal is filed by the assessee against the order dated 02.06.2025 passed by the learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi (hereinafter referred to as "Id.CIT(A)"), dismissing the appeal filed by the assessee against the assessment order dated 26.12.2022 passed u/s.143(3) read with section 144B of the Income Tax Act, 1961 (hereinafter referred to as the "Act"), pertaining to Assessment Year (A.Y.) 2021-22.

2. The brief facts of the case leading to the present appeal are as follows. The assessee is a firm engaged in the business of wholesale dealer in pharmaceuticals and drugs and has filed its return of income by admitting a total income of Rs.5,07,20,330/-. The case was taken up for scrutiny and various notices u/s.142(1) of the Act were issued and the assessee had replied to them from time to time and finally the assessment order came to be passed by making a disallowance of Rs.47,83,942/- in respect of expenses claimed on building repairs.

3. The assessee was aggrieved by this assessment order and hence filed an appeal before the Id.CIT(A), which came to be dismissed and thus leading to the present appeal before us.

4. The case of the Assessing Officer is that the assessee had failed to substantiate the claim of repairs done on rented properties with evidence and that it is the assessee and not the owner who is liable for such repairs. The Id.CIT(A) concurred with the view of the Assessing Officer and further held that the expenses are capital in nature and accordingly, dismissed the appeal.

5. Aggrieved by the order of the Id.CIT(A) the assessee is in appeal before us.

6. The Id.AR for the assessee contended that the views taken by the Assessing Officer and Id.CIT(A) are erroneous and contrary to records and took us through the paperbook filed by him. It was submitted that the authorities below had not appreciated the documentary evidence filed by the assessee. The invoices in respect of the expenses incurred clearly demonstrate that the expenses were incurred and the confirmation letter from the contractor specifies the list of work done by him for the assessee. The owners of the premises had also provided their confirmation in respect of the rentals received and further stated that there is no written agreement on the lease of the premises. Further, the owners had permitted the assessee to carry out the repair, and the

expenditure shall be borne by the assessee towards repairs and maintenance. It was further argued that by no stretch of imagination, these routine maintenance expenses could be treated as capital in nature and relied on various case laws in support of his proposition. The written submissions filed by the assessee before the Id.CIT(A) had addressed all these issues, which were ignored by the authorities below.

7. Per contra, the Id.DR relied on the orders of the authorities below and submitted that the Assessing Officer is right in rejecting the claim of the assessee and further argued that capital expenses cannot be treated as an allowable expense and thus prayed that the appeal may be dismissed.

8. We have heard the rival contentions of both the parties, perused the orders of the authorities below, paper book and case law book filed by the assessee. Admittedly the assessee is carrying on the business in the same premises for more than two decades. The land lords have confirmed the rent payments made by the assessee and also the AO has allowed the rent expenses. From the confirmation provided by the owners, it can be seen that they had permitted the assessee to incur repairs at the cost of the assessee. The tax invoice point out the SAC code of the services. The confirmation provided by the contractor specifies the list of repair work carried out by them and these works are as follows.

- Removing and paving of paver blocks in ways and means
- Flooring tiles removal and laying new tiles in ground, first and second floor.
- Removing old flooring and laying shabad stones in godowns.
- Strengthening the platform in godown for the rail movement
- Fresh flooring of the generator bed
- All the walls in and out patti and painting
- Carpentry and electrical services
- Relaying of tiles in all washrooms including closets.

9. On perusal of the above details and records, in our view these expenses incurred on these activities cannot be treated as capital in nature. No enduring benefit or bringing about a new asset / profit-making apparatus could be seen from the activities. All the repairs stated above are for the day-to-day operations and are recurring in nature and are incurred based on the normal wear and tear.

10. We are not in agreement with the views taken by the authorities below. In our view, they have not appreciated the evidence on record in proper perspective. Since the necessary evidence exist in respect of the claim of the expenditure incurred, with clear demonstration of the fact that it is the assessee's responsibility to incur these expenses and not that of the owner's and the expenses are not in the nature of capital, we are inclined to hold that the expenditure incurred on account of repairs and maintenance on the rented premises is an allowable expenditure.

11. In view of the above findings, we set aside the order of the Id.CIT(A) and direct the AO to allow the expenditure of repairs and maintenance as revenue expenditure.

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

Order pronounced in the open court on 22nd December, 2025 at Chennai.

Sd/-

(एबी टी वर्की)

(ABY T VARKEY)

न्यायिक सदस्य/Judicial Member

Sd/-

(एस. आर. रघुनाथा)

(S. R. RAGHUNATHA)

लेखासदस्य/Accountant Member

चेन्नई/Chennai,

दिनांक/Dated, the 22nd December, 2025

SP

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT- Chennai/Coimbatore/Madurai/Salem
4. विभागीय प्रतिनिधि/DR
5. गार्ड फाईल/GF