

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL
DIVISION BENCH, 'B' CHANDIGARH

BEFORE SHRI RAJPAL YADAV, VICE PRESIDENT AND
SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER

आयकर अपील सं./ ITA No. 639/CHD/2025

निर्धारण वर्ष / Assessment Year: 2017-18

MVM Industries, Plot No. 80, DEPIP Phase-1, Jharmajri, Baddi, Solan.	Vs	The DCIT/ACIT, Parwanoo.
स्थायी लेखा सं./PAN NO: AASFM2234L		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

Assessee by : Shri Parveen Sharma, Advocate for
Shri Vishal Mohan, Sr. Advocate
Revenue by : Dr. Ranjit Kaur, Addl. CIT, Sr.DR

Date of Hearing : 06.10.2025

Date of Pronouncement : 12.11.2025

HYBRID HEARING

ORDER

PER RAJPAL YADAV, VP

The assessee is in appeal before the Tribunal against the order of the ld. Commissioner of Income Tax (Appeals) [in short 'the CIT (A)'] dated 05.03.2025 passed for assessment year 2017-18.

2. The assessee has taken three grounds of appeal out of which ground Nos. 1 and 3 are general grounds which do not call for recording of any finding.

3. In ground No.2, assessee has pleaded that ld.CIT (Appeals) has erred in upholding the action of the AO vide which expenditure of Rs.25,94,500/- incurred on procuring Premium CAD Software as capital expenditure and consequently, disallowance was made in the computation of deduction u/s 80IC of the Act.

4. With the assistance of the ld. Representative, we have gone through the record carefully. The assessee is entitled for deduction u/s 80IC @ 25% of eligible profit. It has purchased a CAD software for Rs.25,94,500/-. The AO was of the view that this expenditure is to be treated as capital expenditure. The assessee will avail benefit of this software for number of years. Accordingly, he disallowed the claim of revenue expenditure but granted depreciation on this @ 25%. The AO was of the view that since benefit of this software in this year is to be taken for less than 180 days, hence, depreciation is to be calculated at 12.5%, which is 50% of 25% granted on this asset. We find that assumptions of the AO are misplaced. The software have very short life and they require continuous upgradation. It will not grant any

enduring benefit to the assessee, hence it is to be allowed as revenue expenditure. Accordingly, we set aside the findings of Revenue Authorities and direct the AO to allow expenditure of Rs.25,94,500/- as revenue expenditure. Consequently, all other benefits of computation u/s 80IC is to be granted to the assessee. In view of the above appeal of the assessee is allowed.

5. In the result, appeal is allowed.

Order pronounced on 12th Nov.,2025.

Sd/-

Sd/-

(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

(RAJPAL YADAV)
VICE PRESIDENT

“Poonam”

आदेश की प्रतिलिपि अग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकर आयुक्त/ CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय आधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
5. गार्ड फाईल/ Guard File

सहायक पंजीकार/ Assistant Registrar