

Machine which enables fast printing of newspaper using computer isn't entitled to 60% depreciation: HC

Summary – The High Court of Madras in a recent case of Dinamalar., (the Assessee) held that where machineries for which depreciation was claimed represented plant and machinery eligible for 15 per cent depreciation, assessee could not have invented its own nomenclature and added word computer which was not there in invoice and then proceeded to claim depreciation at 60 per cent with argument that they were computers

Facts

- The assessee was a firm engaged in the business of publication of daily newspaper. For relevant year the assessee filed its return of income disclosing total income of Rs. 40.69 crores. The assessee had claimed depreciation on 'cannon lide, scanner, computerized counting and stacking machines, transportation charges, CTP machine, scanner, sisco router, modem, computerized counting and stacking (F/C), CTP machine (clearing charges), CTP machine(erection)' at the rate of 60 per cent treating it as computers.
- The Assessing Officer disallowed the same and held that such equipments were eligible at 15 per cent.
- The Commissioner(Appeals) upheld the addition made by the Assessing Officer in part observing that these machines represent plant and machine which help in easier typesetting and faster printing of the newspaper and automated stacking of newspaper in correct numbers. The machines do contain computer as one part of the whole machinery, but it should be noted that the computer is dedicated to that machine and does only the functions for that machine.
- The Commissioner (Appeals) further held that only scanner, sisco router modem would be eligible for depreciation at the rate of 60 per cent. The Commissioner(Appeals) also held that the description of the machines as per the invoice was different and the assessee's decision to use its own names by adding the word computer was incorrect. The assessee could not have invented its own nomenclature and added the word computer which was not there in invoice and then proceed to claim depreciation at 60 per cent with the argument that they were computers.
- On further appeal, the Tribunal upheld the Commissioner(Appeals) orders holding that only computer peripherals could be at the most considered as computers. All other items fell in the category mentioned in New Appendix-III(1) of the Income Tax Rules as held by the Commissioner(Appeals).
- On appeal to the High Court:

Held

- On going through the material on record and the orders of the authorities and tribunal, no manifest error is found. On the other hand, the authorities and the appellate tribunal, are correct, in holding that the machineries, for which, depreciation to the extent, sought for, do not fall under the

definition, 'computer, including computer software'. Fact that the machineries do not fall under the abovesaid category, cannot be termed as perverse and therefore, the order impugned, does not call for interference.

- Going through the material on record, it is viewed that the concurrent findings of fact, rendered by the Commissioner(Appeals) and the Tribunal, do not call for any interference, as no substantial question of law, is involved.
- In the result, the Tax Case Appeal is dismissed.