

Cit Vs. Premier Instruments (Cbe) Ltd.

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SooperKanoon Citation : sooperkanoon.com/835226

Court : Chennai

Decided On : Jul-10-2002

Reported in : [2002]124TAXMAN343(Mad)

Appeal No. : Tax Case No. 1079 of 1987 10 July 2002

Appellant : Cit

Respondent : Premier Instruments (Cbe) Ltd.

Advocate for Pet/Ap. : T.C.A. Ramanujam, *for the Revenue* R. Meenakshi Sundaram, *for the Assessee*

Judgement :
ORDER

V.S. Sirpurkar, J.

The question referred is as under :

'On the facts and in the circumstances of the case, whether the Tribunal is correct in allowing depreciation on exchange fluctuation relating to the assessment year 1979-80 ?'

2. The question referred is already decided subsequently by the various decisions including that of the Supreme Court. In our opinion, therefore, the Tribunal was right in giving the benefit of section 43A of the Income Tax Act, 1961 in favour of

the assessee. It has not been disputed before us that the value of the assets acquired from outside India with foreign exchange suffered a modification in their value, as a result of the fluctuation in the foreign exchange between the rate determined by the government and the actual rates. The Tribunal, in our view, has correctly held that the increased liability would go to increase the cost of the asset. The Tribunal has also correctly held that the difference has arisen due to the re-fixation of the value of the foreign currency to Indian rupee by the Government of India and has eventually correctly held that the appellant would be entitled to the depreciation of Rs. 5,38,192. In that view, we are of the opinion that the Tribunal's order is correct and needs no interference. Accordingly, the question referred is answered against the revenue and in favour of the assessee. No costs.