

Exp. incurred by Tamil Nadu Tourism Corporation to maintain 'Thiruvalluvar Statue' is revenue exp.

Summary – The High Court of Madras in a recent case of Tamil Nadu Tourism Development Corporation Ltd., (the Assessee) held that Expenditure incurred by assessee-corporation to maintain Thiruvalluvar statue at kanya kumari, was revenue expenditure allowable under section 37(1)

Facts

- During relevant year, assessee-corporation incurred certain expenses on maintenance of Thiruvalluvar statue at Kanyakumari. The Assessing Officer opined that said expenditure was capital in nature not allowable as deduction.
- The Tribunal, however, allowed assessee's claim for deduction under section 37(1).

Held

- *Held* that in the case in hand, Thiruvalluvar Statue, is not on the asset side of the assessee-corporation, as it is not owned by it. The assessee corporation, was engaged in the business of conducting tours, operation of hotels and exhibition, etc. The expenses incurred in maintaining of the statue, was an expense incurred in consonance with the activities of the business of assessee corporation and such activity could not at any stretch of imagination be termed as capital expenditure.
- Further, the expenditure incurred was not for the purpose of bringing into existence of any advantage on the capital side, but for running the business or working it with a view to earn profit and, thus, it was a revenue expenditure.
- In view of aforesaid, the impugned order passed by Tribunal did not require any interference.