

Printer being part of computer system eligible for 60% depreciation: Madras HC

Summary – The High Court of Madras in a recent case of Cactus Imaging India (P.) Ltd., (the Assessee) held that Printer being a part of computer, is eligible for depreciation at higher rate of 60 per cent

Facts

- The assessee filed its return claiming depreciation at the rate of 60 per cent on printers. The Assessing Officer held that the printers were not the normal printers, but they were high value printers used for printing banners and advertisement materials of large sizes and could not be treated as a peripheral to a computer and moreover printer purchased by the assessee could not perform any other function as performed by a normal computer. Accordingly, the claim for depreciation at 60 per cent was denied.
- The Commissioner (Appeals) found that the printer could not be used without the computer and concluded that it was a part of the computer system. Accordingly, the appeal filed by assessee was allowed.
- The Tribunal upheld order passed by the Commissioner (Appeals).
- On revenue's appeal:

Held

- The 'entry' to be interpreted is in a taxing statute; full effect should be given to all words used therein and if a particular article would fall within a description, by the force of words used, it is impermissible to ignore the description, and denote the article under another entry, by a process of reasoning.
- The rule of construction by reference to *contemporanea expositio* is a well-established rule for interpreting a statute by reference to the exposition it has received from contemporary authority, though it must give way where the language of the statute is plain and unambiguous.
- By applying the rule of interpretation, it is found that the relevant entry under old appendix I clause III(5) states 'computers including computer software' and the Notes under the appendix defines 'computer software' in clause 7 to mean any computer program recorded on disc, tape, perforated media or other information storage device. Noteworthy to mention that the notes contained in the appendix, the term 'computer' has not been defined. Therefore, as pointed out by the Division Bench in *Bimetal Bearings Ltd. v. State of Tamil Nadu* [1991] 80 STC 167, if a particular article would fall within the description by the force of words used, it is impermissible to ignore the word description.

- The Commissioner (Appeals) on examining the manner in which the equipment functions by way of video demonstration, recorded that the printer cannot be used without a computer, that is, it is part of the computer system.
- In the order passed by the Commissioner (Appeals), it has been stated that it can be inferred that the machines 'computer printers' under consideration can either be called computers-printers, since a lot of independent functions done by the computers are done by these printers and they can be called an integral part of the computer system. Therefore, the Commissioner (Appeals) came to the conclusion that it should be treated as part of the computer and an accessory to the computer. This factual finding cannot be dislodged, as no material has been placed by the revenue before the Court.
- In view of aforesaid revenue's appeal is dismissed.