

Revenue expenditure - expenditure incurred for upgrading cricket stadium in accordance with ICC standards: HC

Summary – The High Court of Bombay in a recent case of Cricket Club of India., (the Assessee) held that expenditure incurred for upgrading cricket stadium in accordance with ICC standards was revenue in nature

Facts

- The assessee incurred expenditure of Rs. 3.91 crores in upgradation of the cricket stadium and various other incidental requirements. The Assessing Officer was of the opinion that the expenditure was capital in nature and, therefore, disallowed the same.
- On appeal, Commissioner (Appeals) allowed part of the claim and restricted the disallowance to Rs. 1.85 crores.
- Both sides carried the matter in appeal before the Tribunal. The Tribunal allowed the assessee's appeal and dismissed the revenue's appeal.
- On revenue's appeal to the Tribunal:

Held

- The HC stated that on a perusal of the materials on record it shows that the assessee had undertaken upgradation of the stadium which included arranging the facility for training and warm up areas, providing passages, walk ways, staircase etc., improving the media facility, installation of electronic score board and other similar facilities. The board had also expended in providing proper security and car parking facilities. It was in this background the Tribunal had held that the expenditure was revenue in nature.
- Looking to the nature of expenditure, it can be seen that the assessee did not create a new asset or create a source of enduring benefit and expenditure was for upgradation of the existing facilities. No question of law arises. Income Tax appeal is dismissed.