

If block of assets ceases to exist on last date of previous year depreciation on goodwill not allowed: ITAT

**Summary – The Mumbai ITAT in a recent case of Aramark India (P.) Ltd., (the Assessee) held that if block of assets ceases to exist on last date of previous year depreciation on goodwill will not allowed
Facts**

- The assessee's case was selected for scrutiny and the assessment had been completed under section 143(3) disallowing depreciation on goodwill.
- On appeal, the Commissioner (Appeals) confirmed addition made by the Assessing Officer.
- On appeal to the Tribunal:

Held

- The ITAT held that in order to claim depreciation, the assessee should fulfil three conditions, the assessee should be owner of the asset, the asset should be used for the purpose of business and the block of assets should exist to claim depreciation.
- In the instant case, the assessee has fully written off goodwill in the books of account and the asset ceased to exist in the books of account on the last date of the previous year. Therefore, once a particular asset ceased to exist in the books of account and also the assessee is not getting any enduring benefit from such assets, then the question of depreciation on such non-existing asset does not arise.
- The Assessing Officer as well the Commissioner (Appeals), after considering relevant facts, has rightly disallowed depreciation claimed on non-existing asset being goodwill.