

In case agreement was entered into on post-dated stamp papers depreciation on trademark cannot be denied

Summary – The Chennai ITAT in a recent case of Indus Mobile Distribution (P.) Ltd., (the Assessee) held that In case agreement was entered into on post-dated stamp papers depreciation on trademark cannot be denied

Facts

- The assessee-company filed return declaring certain taxable income and in course of assessment, the Assessing Officer found that assessee acquired trademark and claimed depreciation on said intangible asset.
- The AO doubted the genuineness of the same on the ground that the agreement was on the post dated stamp paper and treated the transaction as *mala fide* and disallowed the claim for depreciation.
- The Commissioner (Appeals) upheld the order passed by the Assessing Officer.
- On second appeal:

Held

- The ITAT held that the Assessing Officer had doubted the genuineness of the transaction but not disputed, in principle, the eligibility of trademark for depreciation nor the cost of acquisition of trademark.
- It held that there is no requirement under law that an agreement to purchase trademark should be in writing on a stamp paper and the fact that the agreement was entered on post dated stamp paper was immaterial to decide whether or not transaction was genuine.
- Therefore the reasoning of the Assessing Officer, as well as the Commissioner (Appeals) that the agreement is entered on post dated stamp paper, transaction is not genuine cannot be sustained.