Commissioner of Income Tax, Patiala v. Masaddi Ram Ganga Ram

ITR 4/1996

ITR 4/1996 | 2008-01-02

Hotel building did not qualify as plant for claimed depreciation

32 | 43(3) | 256(2)

High Court of Himachal Pradesh | Shimla | Deepak Gupta | V.K. Ahuja

Assessment years:

01 FACTS OF THE CASE

The reference asked whether the Tribunal correctly treated hotel premises as plant and allowed depreciation at 15% rather than the 2.5% building rate stated in the question. The source does not identify the assessment year or the value of the premises.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

The Court followed Anand Theatres,244 ITR 192, and A.B.A. Sons,(2003)11 SCC 338. The quoted reasoning distinguishes buildings from plant under the depreciation scheme and explains that adaptations or special hotel features do not turn the premises themselves into plant.

Source: PDF pp.1–3

03 JUDICIAL DECISION

The question was decided in favour of Revenue and against the assessee. A copy of the order was directed to be sent to the Tribunal.

Source: PDF p.3

04 OUTCOME / IN WHOSE FAVOUR

Revenue succeeded against plant treatment of the hotel building. The 15% and 2.5% rates are those in this historical reference, not a statement of current depreciation rates for all hotel assets.

Source: PDF pp.1–3

05 EXPERT COMMENTS

Identify the premises separately from equipment and fittings — The issue was the hotel building itself. The quoted Anand Theatres reasoning distinguishes the premises from items such as sanitary fittings and machinery. It would overstate the result to deny plant classification to every separately identifiable asset used in a hotel merely because the building remains a building.

Special design alone did not convert the hotel into plant — The cited reasoning rejects a distinction based simply on luxurious or specialised construction for attracting customers. The Court treated the governing depreciation categories as controlling the hotel-premises question. The reference does not decide the classification of every functional structure used in a different industry.

Keep precedent application and rate history distinct — The High Court applied settled Supreme Court authority rather than conducting a fresh asset valuation. The source gives competing historical rates but no assessment year or monetary computation. Those omissions prevent calculation of a disallowance or use of the note as a current depreciation schedule.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Himachal Pradesh High Court judgment; verified source copy

Complete source PDF reviewed: 3 physical pages.

All 3 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Sections and disposition are recorded only to the extent stated in this source order.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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